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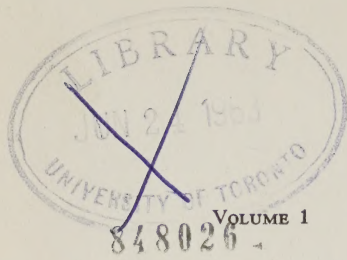
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VOLUME 5

# THE ORGANIZATION OF THE GOVERNMENT OF CANADA

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THE ROYAL COMMISSION ON GOVERNMENT ORGANIZATION



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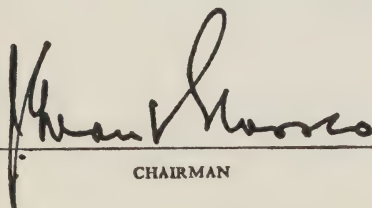
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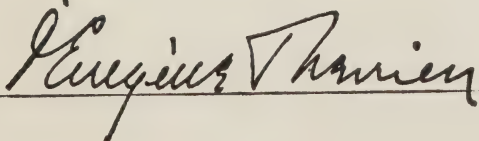
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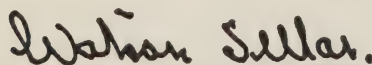
*To His Excellency*  
THE GOVERNOR GENERAL IN COUNCIL

*May It Please Your Excellency*

We, the Commissioners appointed by Order in Council dated 16th September, 1960 to inquire into and report upon the organization and methods of the departments and agencies of the Government of Canada and to make recommendations concerning the matters more specifically set forth in the Order in Council dated 16th September, 1960: Beg to submit to Your Excellency the following Reports.

  
CHAIRMAN





February 28, 1963







## *Elizabeth the Second*

BY THE GRACE OF GOD ✻  
OF THE UNITED KINGDOM,  
CANADA ✻ AND HER OTHER  
REALMS AND TERRITORIES

### *Queen*

HEAD OF THE COMMONWEALTH  
DEFENDER OF THE FAITH ✻

*P. K. ...*

---

DEPUTY GOVERNOR GENERAL

*E. ...*

---

DEPUTY ATTORNEY GENERAL

TO ALL TO WHOM THESE PRESENTS SHALL COME  
OR WHOM THE SAME MAY IN ANYWISE CONCERN,

*Greeting:*

WHEREAS pursuant to the provisions of Part I of the Inquiries Act, chapter 154 of the Revised Statutes of Canada, 1952, His Excellency the Governor in Council, by Order P.C. 1960-1269 of the sixteenth day of September, in the year of Our Lord one thousand nine hundred and sixty, a copy of which is hereto annexed, has authorized the appointment of our Commissioners therein and hereinafter named to inquire into and report upon the organization and methods of operation of the departments and agencies of the Government of Canada and to recommend the changes therein which they consider would best promote efficiency, economy and improved service in the despatch of public business, and in particular but without restricting the generality of the foregoing, to report upon steps that may be taken for the purpose of

- eliminating duplication and overlapping of services;
- eliminating unnecessary or uneconomic operations;
- achieving efficiency or economy through further decentralization of operations and administration;
- achieving improved management of departments and agencies, or portions thereof, with consideration to organization, methods of work, defined authorities and responsibilities, and provision for training;
- making more effective use of budgeting, accounting and other financial measures as means of achieving more efficient and economical management of departments and agencies;
- improving efficiency and economy by alterations in the relations between government departments and agencies, on the one hand, and the Treasury Board and other central control or service agencies of the government on the other; and
- achieving efficiency or economy through reallocation or regrouping of units of the public service.

and has conferred certain rights, powers and privileges upon Our said Commissioners as will by reference to the said Order more fully appear.

NOW KNOW YE that, by and with the advice of Our Privy Council for Canada, We do by these Presents nominate, constitute and appoint J. Grant Glassco, Esquire, of the City of Toronto, in the Province of Ontario; Robert Watson Sellar, Esquire, of the City of Ottawa, in the Province of Ontario; and F. Eugene Therrien, Esquire, of the City of Montreal, in the Province of Quebec, to be Our Commissioners to conduct such inquiry.

TO HAVE, hold, exercise and enjoy the said office, place and trust unto the said J. Grant Glassco, Robert Watson Sellar and F. Eugene Therrien, together with the

rights, powers, privileges and emoluments unto the said office, place and trust of right and by law appertaining during Our Pleasure.

AND WE DO hereby direct that the scope of the inquiry shall not extend to the institution of Parliament.

AND WE DO hereby authorize Our said Commissioners to exercise all the powers conferred upon them by section 11 of the Inquiries Act and be assisted to the fullest extent by government departments and agencies.

AND WE DO hereby authorize Our said Commissioners to adopt such procedure and methods as they may from time to time deem expedient for the proper conduct of the inquiry and sit at such times and at such places in Canada as they may decide from time to time.

AND WE DO hereby authorize Our said Commissioners to engage the services of such counsel, staff and technical advisers as they may require at rates of remuneration and reimbursement to be approved by the Treasury Board.

AND WE DO hereby require and direct Our said Commissioners to report their findings to Our Governor in Council, making interim reports as progress is made, with the final report to be made within a period of two years.

AND WE DO hereby require and direct Our said Commissioners to file with the Dominion Archivist the papers and records of the Commission as soon as reasonably may be after the conclusion of the inquiry.

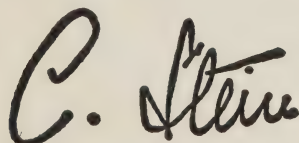
AND WE FURTHER appoint J. Grant Glassco, Esquire, to be Chairman of Our said Commissioners.

IN TESTIMONY WHEREOF We have caused these Our Letters to be made Patent and the Great Seal of Canada to be hereunto affixed.

WITNESS: The Honourable Patrick Kerwin, Chief Justice of Canada and Deputy of Our Trusty and Well-beloved Major-General George Philias Vanier, Companion of Our Distinguished Service Order upon whom We have conferred Our Military Cross and Our Canadian Forces' Decoration, Governor General and Commander-in-Chief of Canada.

AT OTTAWA, this Twenty-seventh day of September in the year of Our Lord one thousand nine hundred and sixty and in the ninth year of Our Reign.

*By Command,*

A handwritten signature in dark ink, appearing to read 'C. Stein'. The signature is fluid and cursive, with a large initial 'C' and a stylized 'S'.

UNDER SECRETARY OF STATE

Published by  
ROGER DUHAMEL, F.R.S.C.  
Queen's Printer and Controller of Stationery  
Ottawa, Canada

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## GENERAL ACKNOWLEDGEMENTS

In earlier reports the Commission has acknowledged the valuable services rendered by the Project Directors and their research staffs, as well as the assistance received from the several Advisory Committees which were appointed and whose members, for the most part, generously served without remuneration.

The Commissioners here pay tribute to the devoted services rendered by the central staff in supervising and co-ordinating the work of the Commission and in the preparation of its reports. In many cases work assignments have necessitated working long hours and on holidays. The Commissioners have been greatly assisted in their task by the exceptionally high standard of performance of this capable group.

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Your Commissioners wish also to express their gratitude to the many librarians in Ottawa and elsewhere who so generously placed at our disposal their libraries and their knowledge. This Commission was perhaps unique in the wide range of information and reference material sought, and we would like publicly to acknowledge the help we received from the liberal lending policies of such bodies as the National Library, the Library of Parliament and numerous departmental, university and public libraries. The speed and helpfulness with which our requests were fulfilled were in the best traditions of the profession.

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24 THE ORGANIZATION OF THE  
GOVERNMENT OF CANADA





REPORT 24: THE ORGANIZATION OF  
THE GOVERNMENT  
OF CANADA

PUBLISHED BY THE QUEEN'S PRINTER • OTTAWA • CANADA FOR  
THE ROYAL COMMISSION ON GOVERNMENT ORGANIZATION



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# 1

## INTRODUCTION

An organization is distinguished from a mere collection of people by the existence of a systematic pattern of relationships. To speak, therefore, of the organization of the Government of Canada, is to refer to a highly complex bundle of definitions covering the powers and responsibilities of all the people involved, and the lines of accountability by which they are joined. Reduced to its simplest terms, good organization means having the right people, in the right places, doing the right things.

Although the title "The Organization of the Government of Canada" has been reserved for this, the last report of your Commissioners, the term might be applied with equal justification to any of the four preceding volumes. Some of the findings and recommendations presented in other reports have dealt with techniques, but the main concern has been with relationships. The ability of the federal public service to develop and apply appropriate techniques depends, in the last analysis, on the existence of good organization in the sense in which the term is employed here.

The preceding reports have dealt piecemeal with the machinery of government—the organization of the major administrative functions relating to finances, personnel and paperwork; the organization of the various supporting services for which departments and agencies have common needs, or of particular services rendered to the public; and the organization of special areas of administration. It now remains to consider the organization of the federal government as an entity—to develop, in effect, a concept of organization for the Government of Canada consistent with the concept of management set

forth by your Commissioners in the first report under the title *A Plan for Management*.

In the process, a number of specific proposals for organizational change will be made. Because these proposals are, in a sense, subordinate to the principal object of this report, they are not set apart from the narrative as has been the practice in other reports. In this respect, we follow the pattern of the first report, in which the object was similar. However, the recommendations contained herein, together with all others in previous reports dealing with organization and the allocation of functions, are set out in an appendix, "Summary of Proposals for Reorganization".

There is, of necessity, a close affinity between this report and the first. The various conditioning factors noted by your Commissioners in developing the concept of management relate with equal force to organization—the setting of the public service, the political character of public administration, and the sequence and consequences of growth and change. What has been said concerning these conditioning factors need not be repeated here, but their impact will be readily apparent in the pages that follow.

#### THE APPROACH

It is the view of your Commissioners that, first and foremost, the structure of the federal government must be responsive to public wants and aspirations, recognizing that the machinery of government is but a means to ends which lie outside itself. Thus the primary test of organization is external and political. The internal and administrative object—to make the tasks of the public service manageable—must always be subordinate. The separation of the two, although a useful and necessary device for analysis, is in fact artificial; administrative criteria derive their validity from a political sanction—the wishes of the Canadian public.

This conjunction of the political and administrative, of the external and internal aspects of government, has been the paramount concern of your Commissioners in discharging the duty with which they are charged. In relation to government organization, it lends special importance to the position of ministers in the machinery of government, bearing as they do a double responsibility: first, for the expression of the public interest, as determined through the political process; and second, for the direction of the Executive branch of government. The principal problems of organization in the federal government revolve around this ministerial position. The rapid growth in the scale of government activities demands new patterns of organization that permit ever greater delegation, while at the same time ensuring to ministers

the effective control that their traditional accountability requires. Similarly, growing diversity requires a re-examination of the way in which responsibilities are allocated among ministers, in order to ensure that no activity is denied the leadership and direction it needs, and that there is balance and consistency in the total effort.

Consequently, this report takes as its starting point the role of ministers, individually and collectively, in providing direction to the public service. From this there follows logically an examination of the allocation of ministerial responsibilities, and the different forms in which the executive tasks of government may be organized and the associated variations in the role of ministers in their control of administration. The organizational problems attributable to scale, variety and wide geographic dispersion of operations will be next considered, applying the two-fold test of responsiveness and manageability down to the operational levels in the field. Thus, the four chapters which follow contain, in effect, a concept of organization which your Commissioners consider currently appropriate.

Finally, over the course of the inquiry it has become increasingly evident to your Commissioners that the same forces of change which have created a need for new concepts of public administration have imposed serious strains on traditional methods of subjecting administrative actions to public control. Although some recommendations will, it is believed, alleviate these strains, it lies beyond the terms of reference of your Commissioners either to assess the seriousness of the problem or to suggest the means by which it can best be remedied. But it may not be inappropriate that we should conclude our report by recording what we have observed, under the heading "Government and the Public".

## GOVERNMENT AS A GOING CONCERN

In examining the organizational problems dealt with in this and other reports, and in framing proposals for their solution, your Commissioners have been mindful of important considerations that affect the validity of any judgments and recommendations for change.

First, the object of this inquiry was not to design theoretically perfect machinery of administration for the Government of Canada, but to propose means of improving a large and complex organization which is well established.

The approach has therefore been a practical one. The over-zealous application of organizational logic must not be permitted to damage a healthy, mature organism that, for all its apparent untidiness, is functioning with



relative efficiency on the basis of subtle working conventions familiar to its members. Thus, proposals for the rearrangement of functions must take account of the short-term losses in efficiency likely to result from disruption of established patterns.

Against this must be set the fact that bodies which are poorly organized, or badly oriented in their working environment, are seldom fully efficient or effective. In such cases, some temporary disruption must be accepted for the sake of long-term gains. The test, in each case, lies in the balance of advantage. To employ an analogy, the approach of your Commissioners is that of a Greber devising improvements for Canada's long-established capital, rather than a Nyemeier creating a new capital city for Brazil.

The practices of other governments—based on different constitutional principles, shaped by different historical forces, or responding to different social and economic conditions—are not necessarily relevant to Canadian needs. Nevertheless, among countries in a comparable state of development and having, in many respects, a common heritage, the experience of one is frequently of relevance to the others. It would be folly therefore to assume that forms and procedures that have proven successful elsewhere are wholly inapplicable to the Government of Canada. There are areas of government in which Canada is in the van, but in others we can profit from the experience of those who have grappled more effectively with problems arising out of growth and changing public need. Many of the proposals put forward by your Commissioners have, in fact, been influenced by what was seen to work elsewhere, tested against Canadian circumstances and, where necessary, adapted thereto.

It is precisely the existence of the federal administration as a going concern, in the workings of which can be discerned the forces in Canadian life to which the machinery of government must respond, which enables your Commissioners to submit recommendations with some assurance of their validity. Above all, it makes it possible to offer a general concept of organization rooted not in theories or preconceptions but in experience. And it is our hope that, as the federal administration encounters new problems of adaptation to changing circumstances, such a concept will be of value in years to come.

The persistence of change and the need for adjustment to change are, in fact, the only future certainties known to any organization. The successful adaptation of the machinery of government to changing circumstances will require two things: within the public service itself there must be an awareness that adaptation is an inescapable part of the task of management; and, both within the public service and beyond it, there must be a continuous assessment

of the role of the federal government in the life of Canada, to ensure that the machinery of government remains responsive to the ends it must serve.

## GOVERNMENT AND BUSINESS

While, in some matters, the experience of governments in other countries has suggested means of improving the machinery of Canadian government, other proposals have been influenced by the experience of non-governmental organizations, and especially of business undertakings.

The relevance of organizational methods developed by private enterprise to the design of the machinery of government raises the question of comparability between government and business. Two diametrically opposed views find frequent public expression. On the one hand, it is contended that business, spurred on by the profit motive, has succeeded in developing patterns of organization intrinsically better than those of government, and that inefficiency in public administration can be swept away merely by organizing the government as a business enterprise. The contrary view holds that, because the motivation and purposes of government and business are essentially different, each requires a distinct and different form of organization and that the methods appropriate to one are not applicable to the other.

In the view of your Commissioners, these arguments are equally wrong. They misconceive or ignore the true nature of the problem and the complexity of the purposes and needs of modern government and business alike.

There are undeniable differences between government and business that profoundly affect their patterns of organization. For business, the first and overriding goal must always be the survival of the undertaking as an entity. The survival of an established democratic government is threatened in this sense only when the existence of the country itself is in peril—in time of war. There is, of course, a goal of political survival for ministers, and it is this goal that serves as the driving force in government. But the test in this case lies not in the market place but in the ballot box; the consequences of failure are borne not by the organization as a whole but only by its leaders; and the quality on which their success depends is not business but political acumen.

Thus, the political forces by which government is moved and tested invalidate any comparison of the role of political leaders with that of corporate presidents, or of the cabinet with a board of directors. The process by which the objectives of government are set, and the complex but subtle relationships between a responsible minister and his permanent officials, are without parallel in the private sector. For these reasons, the businessman possesses no magic formula to solve all the organizational problems of government.



Nonetheless, government and business have this in common, that each must operate within financial limits. Governments enjoy a greater power to plan their activities with the knowledge that they can command whatever resources may be needed—but this power is far from unlimited. Public wants are literally insatiable; consequently government involves an allocation of resources. The basis for this allocation is a scale of priorities arrived at on the basis of public wishes; however, the process requires, no less than in business, a knowledge of the costs involved in each competing course of action. As your Commissioners have had frequent cause to observe, this knowledge is not now available to the federal government for most of its activities; hence the relevance to government of the practices evolved by business for the ascertainment of cost.

Moreover, both government and business require a devolution of responsibility and a delegation of authority. And where there is delegation, there must also be an assessment of the manner in which authority is exercised and responsibility discharged, and performance must be measured against the goals pursued. Here again the essential difference between the goals of government and those of business is of obvious importance. Throughout government, what must be assessed above all else is an intangible: the success of officials in assisting ministers in formulating and giving effect to policies that satisfy public wants and expectations—in international affairs, defence, and in general and special aspects of the economic and social well-being of Canada. As your Commissioners have noted, this test of performance—which, being political, is unique to government—applies to all official action; in some departments it is virtually the sole test. Hence the general reserve power of ministers to intervene on almost any matter and “to tell officials what the public will not stand”.

Within a growing range of government activities, however, there is also an important delegation of control over the application of the resources of government—in construction, purchasing, lending, postal service, the management of hospitals, schools, airports, harbours and research establishments, the operation of ships, aircraft, vehicles and telecommunication systems, and a host of other such programmes. Where such delegation occurs—in the operational areas of government—the definition of responsibilities and measurement of performance create organizational needs that are barely distinguishable from those of business.

Because the efficient application of resources is, in business, a matter of life or death, the fundamental aim of industrial organization consists not only in defining appropriate areas of responsibility but also in seeing that supervisory personnel at all levels can be held strictly to account and that depend-

able information is provided upon which judgments of performance may be founded. It should not be assumed that all government organization for operations is inferior to that of industry. Indeed, it would be difficult to find a form of organization more appropriate to its task than the Post Office, and there have come to your Commissioners' attention other instances of first class performance in the conduct of government operations. But while the competition of the market place quickly brings to light the evidence of poor organization in business, and compels its speedy correction, there is no similar safety device by which faulty organization of government operations is brought to the notice of the taxpayer or his representatives. There is ample evidence of operations conducted by government for years on inefficient lines, where comparable operational ends are being achieved in the private sector in an efficient manner. It is in this important phase of government activity, to which is applied a major portion of public spending, that comparisons with private organizations are valid, and your Commissioners have formed the conclusion in many cases that government operations can be improved by adopting methods that have proved effective in the private sector.

#### THE HUMAN ELEMENT

Your Commissioners recognize that government organization is, after all, no more than an orderly arrangement of people—from ministers to messengers. A rearrangement of functions therefore requires not merely the mechanical transfer of operating units or reassignment of duties, but also a reassessment of the kind of people needed to make the new arrangement work. New combinations of skills and experience and new standards of competence are required. These must be defined and the necessary adjustments made in ways that minimize the disruption of public business. This need is relevant to many of the changes proposed by your Commissioners, but relates especially to the new allocation of administrative tasks recommended in the first volume of reports with a view to enlarging the authority of departments. It is clear that the proposed increase in departmental powers will require, in most departments and many agencies, a significant strengthening of the senior administrative ranks. It is equally true—although often overlooked—that the staff groups by whom ministers are served in exercising collective control of administration will also require a significant change in character to ensure that the collective task is discharged effectively.

The organizational arrangements proposed in these reports deal essentially with an abstraction—the organization. The reality behind that abstraction—the people who compose the organization—must seem to be ignored. Each

definition of functions and relationships, as a general rule, pre-supposes consistent norms of ability and character in the persons to whom it will apply. But personal attributes modify all formal prescriptions. Consequently, the latter must be neither so detailed nor so inflexible as to be rendered unworkable by the certain but unpredictable accidents of choice in the staffing of the public service. And the higher one looks in the scale of organization, the truer it becomes that the job is made by the man and the organization by the interplay of personalities; the greater, consequently, is the need for prescriptions that are general and flexible rather than specific and rigid.

Good organization cannot, by itself, ensure good government—or even, in the narrower sense, good administration. The latter will depend, finally, on the calibre and devotion of public servants, and on the quality of direction they receive. The importance of organization lies in the assurance it can give that the energies and abilities of public servants are employed for the greatest benefit of Canada.



# 2

## THE MINISTERIAL BASIS OF ORGANIZATION

### THE EXECUTIVE FUNCTION

*The Executive Government and Authority of and over Canada is hereby declared to continue and be vested in the Queen.*

*There shall be a Council to aid and advise in the Government of Canada, to be styled the Queen's Privy Council for Canada; and the Persons who are to be Members of that Council shall be from Time to Time chosen and summoned by the Governor General and sworn in as Privy Councillors, and Members thereof may be from Time to Time removed by the Governor General.*

So, in the ninth and eleventh Sections, the *British North America Act, 1867*, provides the basis of Executive power in the Government of Canada. The departments and agencies of the federal government provide the administrative apparatus through which this Executive power is exercised, and their organization can be examined and appraised only with a clear understanding of the sources and character of their executive function. Moreover, the forces that shape the machinery of government and inspire its operation must be understood by the Canadian public, their representatives and the officials who serve them. The nature of the executive function must therefore be reviewed briefly.

The exercise of Executive power in the federal government rests on the Royal Prerogative as modified by constitutional practice and legislation:

- The power of the Crown in respect of Canada is exercised by a Governor General appointed by the Queen on the advice of the Prime Minister of Canada.

- The Prime Minister is selected by the Governor General, being the person who, in the opinion of the Governor General, currently enjoys the support of the majority of members in the House of Commons.
- The members of the Cabinet are selected by the Prime Minister, appointed by the Governor General to the Queen's Privy Council for Canada, and compose the committee of Council on whose advice the Governor General acts.
- The Governor General acts only through ministers in order to ensure that some minister is responsible for every decision taken and is answerable for it to the House of Commons; sometimes this accountability is collective, but in some circumstances it is personal.

In law, then, the Executive power is exercised by "the Governor in Council"; in general usage, the term "the Cabinet" is more commonly applied to the government of the day. The Cabinet is, in fact, the deliberative body summoned to meet at the behest of the Prime Minister to discuss, in private, questions of government policy. The Governor in Council—the Governor General acting on the advice of the Privy Council—is the formal executive body which gives legal effect to those decisions of Cabinet which are to have the force of law. In composition, the two bodies—Cabinet and the committee of Council—are identical.

#### THE IMPORTANCE OF MINISTERS

The Ministers of the Crown, in their individual capacities and as a group, form the keystone of the government of Canada. Their authority as individuals derives from their appointment to the ministerial offices created by Parliament. The formal basis of their collective power lies in the fact that they are members of the Privy Council and are entitled, as long as they possess the confidence of the House of Commons, to exercise the right of the Council to "aid and advise" the Governor General in the governance of Canada. But the vitalizing force in their position—the source of their power as distinct from their authority—is political: their success, as members of a political party, in winning a preponderance of public support and the control of the House of Commons. It is this fact which makes their possession of Executive power legitimate not merely in the legal sense of the word, but also in the popular connotation of being supported by public consent. Thus, the power to govern is balanced by the necessity of governing in a manner to sustain and enhance public support.

It is, of course, no part of your Commissioners' task to examine the political process or the role of political parties within that process. The facts recited



above have been noted, however, because they bear directly on the role of ministers in directing the machinery of government and exert a decisive influence on the structure of that machinery.

Several important consequences of the political basis of ministerial power were noted by your Commissioners in their report entitled *A Plan for Management*: that the direction of the Executive branch resides in political leaders who are seldom professional administrators; that although detailed ministerial control of operations is now a practical impossibility and can be attempted only at the expense of a more indispensable function, ministers nevertheless bear an unlimited liability for all the acts of their officials, and must possess corresponding formal authority to intervene on any matter. The resolution of these paradoxes is of central relevance to the consideration of organizational forms.

It has long been recognized that ministers need not be administrative experts; on the contrary, it is desirable save in the stress of emergencies, that they do not become deeply involved in the administrative process. As members of the Cabinet, their principal obligation is to reflect and give effect to the collective point of view—drawing together the public interests, attitudes and aspirations that find expression in the political process, and, by reconciling these, providing the basis for an essential unity of government in policy and action. As heads of departments, it is the task of ministers to define the ends to be pursued, and to instil their own sense of purpose and of urgency in the permanent officials. In the absence of such leadership, public servants may lapse—by reason of their immunity from the political consequences of their actions—into dilatory and complacent habits, insensitive or indifferent to public wants and resistant to change.

Although administrative authority is possessed by ministers individually, their political power is held in common. Consequently, the role of the individual minister must always be related to his membership in the group. In effect, for all matters to which his authority extends, it is the task of each minister to devise courses of action acceptable to his colleagues, to ensure that administration follows the agreed course, to interpret the public interest in day-to-day situations (consulting his colleagues when necessary), and to answer for the conduct of those matters, first, to his colleagues, and, on behalf of the government, to Parliament.

The fact that power is held and exercised collectively means that all important decisions of policy are taken by the group rather than by individuals. Moreover, the principle of collective control extends to the administrative process within the several departments. It is abundantly evident in the continuous and detailed supervision given by the Treasury Board. In the latter

connection, your Commissioners have already reported that, in their opinion, the control now exercised by the Board is excessive and too detailed. It has been proposed that the machinery of central direction be reserved for the more general tasks of co-ordinating programmes, establishing priorities and standards, and evaluating performance. But the existence of a collective concern cannot be ignored.

#### MACHINERY OF MINISTERIAL DIRECTION

With the growth of Canada's population and the accompanying transformation in its social and economic life, the responsibilities of the federal government are changing constantly. Every increase in the scale and diversity of federal activities gives rise to problems of adjustment in the organization of the Executive branch, and especially in the machinery of ministerial direction. The unifying task of Cabinet becomes ever more complex and demanding. Simultaneously, a need may be felt for additional ministers to assume responsibility for new administrative functions. To this increased complexity must be added the fact that, from decade to decade, parliamentary duties of ministers grow as sessions of Parliament lengthen, and the aeroplane now places them under greater obligation to be at the beck and call of all parts of Canada. Each of these trends is experienced by all democratic governments and cannot be reversed or even arrested, but their effect is to emphasize the need for effective organization within the administrative sphere of ministers.

In the federal government of Canada, the growth in number of ministers has been, by comparison with other countries, slow and restrained. The first ministry of July 1st, 1867, included thirteen ministers, occupying fifteen portfolios. On the eve of the first World War, eighteen portfolios were held by fifteen ministers, with three additional ministers without portfolio. Between the wars, there was little fluctuation in size and in mid-1939 fifteen ministers occupied seventeen offices, with two additional ministers serving without portfolio. As federal government programmes have proliferated since 1939, the growth of the ministry has been resumed at a modest pace. In the fall of 1962, it numbered twenty-two.

Throughout this process of growth the practice has been maintained of including all ministers in Cabinet. As new ministries have been established, efforts have been made, by the liquidation or merger of older portfolios, to keep the total number of ministerial offices within the bounds of a Cabinet of workable size.

An alternative arrangement, for which there are precedents elsewhere, is the appointment of additional ministers with departmental responsibilities but

without Cabinet status. Whether this device is appropriate in the Canadian political setting is not for your Commissioners to judge, but on administrative grounds it appears to offer no promise of advantage to the Government of Canada in the foreseeable future at least. The essential value of the individual minister, in directing the affairs of a department, lies not merely in the personal leadership that he can give as a parliamentarian supported by a majority of the House of Commons, but, equally, in his membership in the Cabinet and his consequent ability to reflect its collective views. To this consideration must be added the recognition that portfolios are not watertight compartments and that Cabinet must serve as the ultimate machinery for the co-ordination of objectives and programmes among the several departments. It is your Commissioners' conclusion that emphasis should be laid on other means of strengthening ministerial direction of the Executive. Some of these have been foreshadowed in preceding reports.

First of all, there is needed a sharper definition of the essential functions of ministers and a concentration of ministerial efforts on these matters. In this connection, the recommendations put forward in the first volume of reports for the reorganization of the tasks of management are of particular importance.

A second course of possible improvement involves the reassessment of what must be done collectively and what may satisfactorily be entrusted to individual ministers—to the end that wherever practicable one minister may do what now requires the attention of all. The possible benefits may be measured by reference to the mass of documentation now required by law or practice to come before the Treasury Board or the Governor in Council.

The excessive flow of submissions to the Treasury Board from the various departments and agencies—amounting to about 16,000 a year—and the need to revise its agenda, were dealt with in the report on *Financial Management* and require no further examination here.

A traditional characteristic of Canadian legislation is the requirement that a wide range of decisions be given formal expression by orders in council. In 600 pages chosen at random out of the 6,000 pages in the 1952 Revised Statutes of Canada, it was found that the use of orders in council is specified in over 160 places. Presumably, a complete check would produce about 1,600 such directions, without taking into calculation the ten volumes of statutes issued since 1952. Resort to order in council may be infrequent under some statutes; in others, it is of frequent occurrence.

The use of an order in council to promulgate regulations of general application and having the force of law, is clearly appropriate. But it is at least debatable if many other administrative decisions need engage the collective



attention of twenty or more ministers in order that the public interest be adequately protected. For example:

- The *Ferries Act*, dating from 1868, among other things regulates inter-provincial ferry services—matters of prime importance in earlier days. Times have changed, but the law still requires that the grant of a licence to operate a local ferry service between places on opposite sides of the Ottawa River “shall be under the Great Seal and shall be issued by the Governor in Council”.
- A 1950 statute making provision for an official residence for the Prime Minister enacts, among other things, that “the Governor in Council may appoint a steward or housekeeper and such other employees as he deems necessary for the management of the residence, and may fix their rate of remuneration and conditions of employment”.

These illustrations relate to the trivial, but they demonstrate that official draftsmen, in preparing legislation, perpetuate administrative processes that belong to an earlier era. The agenda for a meeting of ministers is thus often cluttered with trifling matters which may consume much time, or alternatively be accepted without any real consideration. Which course may be regarded as the more objectionable depends on the point of view, but in either case, the sheer bulk of proposed orders has undesirable consequences for the staff by which the ministers are served when they act collectively. At the least, it causes an inflation of staff groups, preoccupied with trivial; at worst, where the collective ministerial action is reduced to a mere formality, it means that officials exercise the real power of review. Proposals that have already been found acceptable by the minister in whose department they originated may thus founder or succeed according to the manner in which they are judged by a relatively junior civil servant.

A review of the Revised Statutes was also made to discover the extent to which Parliament vests in a particular minister the power to decide in specific situations. Again, one-tenth of the 6,000 pages were examined and disclosed 109 instances where the decision of a minister is final. Sometimes this power may be exercised infrequently but often it is a daily working tool of the department. Particular notice was taken of enactments vesting substantial powers in individual ministers—such as the power to make regulations. Where this power is granted, the effect was found generally to be limited in application to a segment of the community; for example, the Minister of Agriculture is frequently empowered to make regulations with respect to a particular agricultural product. Some of these final delegations to ministers have a long history, and a limited inquiry was made of the consequences

flowing from one minister deciding, rather than a collective decision being taken. The inquiry did not disclose that any more public dissatisfaction has resulted than when power is exercised by the Governor in Council.

It must be recognized, in fact, that the intensity of public interest in a regulation does not depend on whether it is issued as an order in council or by authority of a single minister. What is important is the substance rather than the form. And it is the extent and intensity of public and parliamentary interest that determines what matters are of real concern to ministers collectively. It is concluded that the great bulk of matters for which orders in council are now required should be entrusted to individual ministers. Except where orders in council are clearly appropriate, the question of collective consideration may be left to the pressure of political forces.

A third means of relieving ministers of unnecessary burdens lies in the proposals already put forward for greater reliance by the federal government on outside agencies both in providing supporting services and in serving public needs. <sup>by public interest</sup> "Contracting out" finds its prime justification in this matter of helping to keep the ministerial task within the bounds of manageability. The importance attached to this consideration by your Commissioners may too easily be overlooked, and their preference for "buying" rather than "making" may be attributed to the critical observations on the lack of cost consciousness attending many of the operations examined. But the principal causes of this lack of cost consciousness lie in the defective concepts and processes of management identified in volume 1, which can be remedied.

If cost were the whole or principal argument for contracting out, the case would, in fact, be scarcely worth making. There is ample evidence—not only in competitive organizations like the Polymer Corporation but also in others which escape entirely the goad of competition, like the Taxation Division of the Department of National Revenue—that government operations can equal the record of private enterprise in economy and efficiency. But this is not the main point. The basic things that have influenced your Commissioners are, first, that contracting out would permit a greater concentration by government and, above all, by ministers on the definition of goals and standards; second, that it would strengthen the plurality of other institutions in the life of the country and impose some restraint on the growth of the public service; and, only incidentally, that there are powerful forces in competitive industry tending to ensure that the jobs will be done both well and cheaply.

The task of ministerial direction can also be made more manageable by the effective use—and, where necessary, the extension—of recent developments in the ministerial machinery itself. In part, this involves easing the burden on the individual minister in some of his more routine but time-



consuming functions by the appointment of a parliamentary secretary and the strengthening of ministerial staffs. In this process there can, of course, be no dilution of the minister's responsibility, nor may his assistants interpose themselves between the minister and those to whom his responsibilities relate—the department, the Prime Minister and Cabinet, and Parliament. But in a staff capacity, they have a role to play of growing importance.

There remains to be considered that portion of the task represented by the minister's participation in the collective business of Cabinet. Each prime minister decides how the affairs of Cabinet are to be organized and conducted, but the pressure of events in recent decades has led to two developments designed to lighten ministerial burdens or improve the effectiveness of Cabinet: the use of committees and the creation of a secretariat.

Cabinet committees cannot, in any broad sense, act in lieu of the whole group. But, either as more-or-less permanent bodies dealing with major subjects of concern to a number of departments or as *ad hoc* committees to consider specific issues, they provide a means of bringing together the viewpoints of the departments directly interested. And with the increasing complexity of government activities, this task of co-ordination seems bound to grow in importance.

Since 1940 the Clerk of the Privy Council—an officer whose post dates back to 1867—has also been appointed Secretary to the Cabinet, with the rank of a deputy minister. As Secretary, his duties are stated to be:

- The preparation for the approval of the Prime Minister of such agenda for Cabinet meetings as may be required.
- The keeping of such notes of Cabinet meetings and conclusions thereof as may be required.
- The preparation and submission to members of the Cabinet in advance, of such information as may be necessary for its deliberations.
- The communication to ministers, departments and others concerned of the decisions of the Cabinet.
- The maintenance of liaison between the Cabinet and committees thereof.
- Such other duties as may from time to time be assigned by the Governor in Council.

The staff organization that has grown up under the Secretary has now become an indispensable part of the ministerial organization. It offers a means of ensuring that discussions and decisions in Cabinet and its committees are, as far as possible, based on the possession by ministers of all relevant informa-

tion and views. In addition, by serving as a focal point for inter-departmental committees of senior officials, the secretariat is able, in anticipation of action by Cabinet and its committees, to draw together varying departmental viewpoints and, if not to resolve differences, at least to present them to Cabinet in a form which highlights the essential points at issue.

The importance to ministers of enjoying adequate staff support in their co-ordinating role is clearly evident in the matter of scientific research. Although co-ordinating responsibility has rested, since 1917, with the Privy Council Committee for Industrial and Scientific Research, there has been little effective co-ordination by ministers, as noted by your Commissioners in the report on *Scientific Research and Development*. In part at least, the weakness lies in the lack of staff support: no group of officials exists responsible for studying the problems involved and bringing to the attention of ministers those matters requiring their consideration and decision. In any continuing development of the co-ordinating function of ministers, the need for supporting staff to perform this function should not be overlooked.

# 3

## THE ALLOCATION OF MINISTERIAL RESPONSIBILITIES

### DESIGNATION OF MINISTERIAL POSTS

The collective aspects of ministerial power and accountability should not be permitted to obscure the significance of the assignment of authority and responsibility to individual ministers. Only through this practice can there be reasonable assurance that the necessary initiatives will be taken and that the ministerial purposes and sense of urgency are transmitted to the public service. As your Commissioners have had occasion to observe, the failure to assign responsibility to a single minister—with the time and staff needed to give it adequate attention—has seriously weakened the administration of the federal government in a number of important matters as, for example, the co-ordination of scientific research and development and, above all, in discharging the central management tasks of the Executive.

Because of the necessity of assigning to individual ministers responsibility for the direction of each of the manifold activities of the federal government, the grouping of activities to form ministerial posts assumes some importance. Given the limitation on the number of portfolios that can be contained within a Cabinet of workable size, the importance of the composition of portfolios is rapidly becoming critical as the range and variety of responsibilities increase.

The existing departmental portfolios vary greatly in size and exhibit no single principle of organization. Created as they have been over a period of almost a century, and representing, in their creation, a response to political and administrative needs of varying times, this is scarcely surprising.

The departments range in numbers of staff from less than 400 in Justice



to almost 50,000 in National Defence (excluding the Armed Forces and the staff of the Defence Research Board). Similar disparities are evident in the amount of money spent annually by each. But ministerial burdens cannot be compared—or equalized, if equality were the aim—by reference to size of staff or budget. The Post Office, with over 25,000 employees engaged principally in operational tasks may require less ministerial attention than a department such as External Affairs, with scarcely 2,000 employees, but concerned almost entirely with questions of policy.

Nor is it possible to classify the federal departments on any consistent basis. One group comprises the historic offices of government—National Defence, External Affairs and Finance, to which should be added the ever-present tax-gatherer, National Revenue. A second group consists of the modern service departments: the Post Office, Transport, National Health and Welfare, and Labour (with the employment service included). A third group includes the departments concerned with natural resources: Agriculture, Fisheries, Forestry, and Mines and Technical Surveys. Two other departments—Public Works and Defence Production—exist primarily to provide specialized internal services to the machinery of government.

The remaining six departments either combine activities comparable with those found in two or more of the categories listed above or defy classification because of the unique nature of their purposes. The Department of Trade and Commerce has, in part, the historic function of promoting foreign trade (subject to some incursions by the resources departments and more recently the Department of Defence Production) but is also, in a limited sense, a department of industry. The Department of Justice serves as legal counsel and advocate to the government, and performs other functions. The Department of Veterans Affairs alone can be said to be based on the clear-cut principle of providing integrated services for a special clientele. The Department of Citizenship and Immigration is also concerned with special clienteles—the earliest and latest settlers of Canada, Indians and immigrants—but the services it provides are less comprehensive and unlike Veterans Affairs it generates its own supply of clients. The basis of organization of most of the Department of Northern Affairs and National Resources, on the other hand, is not clientele but territory; the second part of its title is barely justified by its tasks outside the northern territories. Finally, the function of the Secretary of State is best described by his other designation—Registrar General.

An organizational theorist with a passion for neatness might insist on the adoption of a single organizing principle: for example, that each department should represent a separate and distinct function of government. But no one has yet succeeded in devising a roster of mutually-exclusive functions. Above

all, the organization of government, no less than the policies it pursues, must reflect the order of importance, in the minds of the public, of the problems requiring attention. Unless there is, in rough form, this correlation between the content of ministerial posts and the degree of public concern, government policy and action will almost certainly fail to respond adequately to public wants.

The correlation can never, however, be precise, because the conditions which determine the order of importance of public wants are constantly changing. Even the maintenance of a pattern roughly approximate to need requires the periodic redefinition of ministerial tasks. This process of adjustment is clearly evident in the historical development of government organization in Canada. Social and economic developments have led, from time to time, to the creation of new portfolios like Labour and Health—the latter becoming, in time, National Health and Welfare. Some—like the Departments of Railways and Canals—emerged in response to an intense public interest which marked a particular phase of Canadian development and, subsequently, as this interest waned with changing conditions, disappeared or were merged with other ministerial posts.

Even where ministerial titles remain constant, time and changing needs will almost certainly alter the scale and substance of the activities they encompass. The size and importance of a Department of National Defence will fluctuate with the climate of international relations and the pace of change in strategic concepts and the technology of warfare. A Department of Finance may become, imperceptibly, preoccupied with economic planning. Or the primary concern of a resources department may shift from production to processing, marketing or conservation. There can thus be no static pattern of ministerial responsibilities.

#### ADJUSTMENT OF MINISTERIAL BURDENS

For the same reason, there can never be a fixed ratio among the burdens attaching to the various portfolios. Consequently, ministerial duties must be reassessed and reassigned from time to time in order to keep the demands on individual ministers in reasonable proportions. This need is clearly—and effectively—recognized in the *Public Service Rearrangement and Transfer of Duties Act*, which provides that

The Governor in Council may

- (a) transfer any power, duties or functions or the control or supervision of any part of the public service from one Minister of the Crown to any other Minister of the Crown, or from one department or portion of the public service to any other department or portion of the public service; or



- (b) amalgamate and combine any two or more departments under one Minister of the Crown and under one deputy minister.

Strictly speaking, there is no lower limit to the regular burdens of any single portfolio. The existence of posts with few duties may, in fact, be advantageous; the value to any government of having one or two ministers to whom can be entrusted difficult but transitory problems that do not fit easily into any established portfolio can be seen in the use made by recent British cabinets of those historic but empty offices, the Lord Privy Seal and the Chancellor of the Duchy of Lancaster. In Canada, however, as long as the number of ministerial posts must be restricted in order that all may be included in Cabinet, there is a limit on the extent to which the regular duties of ministers can be diluted.

In the existing situation, a better distribution of burdens could be achieved by transferring to the Secretary of State certain responsibilities now borne by other ministers. A number of activities could be detached from the more heavily burdened portfolios with which they are now associated. Some of these are concerned with the regulation of various business practices: for example, the Department of Insurance, which now reports to the Minister of Finance, and the Standards Branch in the Department of Trade and Commerce. Another group of agencies are similar in certain respects to the Canadian Broadcasting Corporation, for which the Secretary of State now reports to Parliament: the Canada Council, National Film Board and National Gallery. Others that might be considered for transfer include the National Library and Public Archives, the Dominion Bureau of Statistics, the Tariff Board, the Superintendent of Bankruptcy, and certain Crown corporations such as the National Battlefields Commission, National Capital Commission and Canadian Overseas Telecommunication Corporation.

The upper limit of the burdens which can be borne by a minister, although indefinite, is nonetheless absolute, rooted as it is in human capacity and endurance—themselves not limitless qualities. It is, at least in part, this consideration that has prompted your Commissioners to recommend in the report, *A Plan for Management*, the assumption by a new minister of the primary responsibility for central functions of management borne by the chairman of the Treasury Board. Moreover, it has been the general aim, especially in the first and second volumes of reports, to reach a clearer definition of the essential ministerial functions as a basis for a more productive concentration of ministerial efforts.

In one department, the span of responsibility now borne by the minister seems particularly broad—the Department of Transport. Since its formation in 1936 the Department has undergone a transformation in the range and

balance of its activities, and has reached the point at which the burdens borne by its Minister and Deputy Minister—for policy and administration alike—appear to press hard against the upper limit of manageability. A possible remedy to be considered is the creation of a Department of Aviation, to assume the responsibilities now borne by the Department of Transport for civil aviation, space and telecommunications. It is under just such circumstances that, at various points in the past, a matter of federal jurisdiction which at other times might be viewed as only a part of a broader portfolio, has assumed such importance and urgency that a separation of ministerial responsibility has been deemed necessary.

Your Commissioners have noted, however, that the Royal Commission on Transportation has, within the past year, submitted a report stressing the need for developing, on a unified basis, a national transportation policy that embraces all modes of transport and relates transportation needs to the other elements of economic growth and prosperity. There is thus a question of public policy to be decided: would the public interest be better served by the creation of a separate ministry to give more single-minded attention to the problems of civil aviation, or by maintaining the present organization as a more suitable context within which to attack the broader problems of transportation policy?

The choice does not necessarily involve two opposing courses but rather a difference in emphasis. The disadvantages of each course are susceptible of at least partial remedy, the effect of which is to narrow the divergence in the final result.

Against the present threat of unmanageability in the Department of Transport can be set, in addition to the measures already recommended for the easing of ministerial burdens, the possibility of further relief by improving the form of its organization. This possibility is explored more fully in a later section of this report headed "The Department of Transport and Related Operations", taking into account a number of recommendations made in previous reports.

#### PROBLEMS OF CO-ORDINATION

The dangers of excessive fragmentation, such as those posed by the creation of a Department of Aviation, involve essentially a problem of co-ordination. The difficulty is not peculiar to the development and administration of transportation policies, and can be mitigated—although not entirely removed—by measures akin to those dealt with earlier under the heading "Machinery of Ministerial Direction". Moreover, as was noted by the Royal Commission on Transportation, the development of transportation policy must

itself be undertaken within a broader context of general economic policy. Already, therefore, there exists a more general problem of co-ordination—the problem to which your Commissioners direct attention in the report on *Economic and Statistical Services*.

In the course of the inquiry, several other major areas involving similar problems were encountered. One of these, the co-ordination of federal activities in the North, was dealt with in the report on *Northern Affairs*. However, in carrying out an inquiry that was of necessity selective, it was not possible to do more than note the existence of other problems. One concerns the co-ordination of resources administration within a unified policy for the development of natural resources. Many departments and agencies are involved—notably Agriculture, Fisheries, Forestry, Mines and Technical Surveys, Northern Affairs and National Resources, the National Coal Board, Atomic Energy Control Board, and National Energy Board—with varying powers, heavily influenced by the federal division of jurisdiction, and frequently with intersecting interests. A second area concerns the regulation and promotion of Canadian export trade—involving, principally, External Affairs, Trade and Commerce, Agriculture and the Wheat Board, the National Energy Board, Defence Production and, for water resources, Northern Affairs and National Resources and the International Joint Commission. A third relates to federal policies affecting the pace and direction of industrial growth, involving especially Trade and Commerce, Labour, Defence Production, the National Research Council, the National Productivity Council, the Tariff Board, the Restrictive Trade Practices Commission and the Secretary of State.

The readily apparent overlapping of these three problem areas—with the Department of Finance in its concern with economic policy, having a central interest in all—clearly illustrates the impossibility of prescribing any functional basis for the allocation of ministerial tasks that will provide automatically for all the interrelationships among federal activities.

The co-ordination of activity, which is a problem common to all large and complex organizations, is particularly important for government. The most common answer has been the formation of a committee, which can quickly proliferate into a hierarchy of committees: a committee of ministers almost automatically generates a committee of deputy ministers to whom ministers may refer matters for study; this, in turn, requires a sub-committee of subordinate officials to assemble the necessary data and prepare draft reports, and these frequently splinter again into working groups concerned with particular aspects of the problem. This elaborate committee structure is sometimes unavoidable, but too often tasks are swollen and effectiveness vitiated by a failure to provide for those needs which committees themselves cannot satisfy:



a source of initiative and stimulus in identifying common problems and directing the necessary studies; the means of ensuring that all aspects of the common problems receive attention; and a clear assignment of primary responsibility for ensuring that agreed decisions are executed. If these conditions are not met, committees must inevitably become time-wasting and ineffectual. In addition, if the number and activity of committees are not restrained, members are likely to find their time so pre-empted by committee duties that they can neither attend adequately to their other responsibilities nor give to any single committee the attention it requires.

It can be predicted with confidence that the need for co-ordination of federal action on a variety of overlapping patterns will become increasingly urgent. The development of effective arrangements—such as those reviewed in the earlier section on “The Machinery of Ministerial Direction”—will grow correspondingly in importance.

#### CONSOLIDATION OF RELATED DUTIES

✓ Because of the need to co-ordinate the policies and actions of departments and agencies having related duties, it becomes increasingly important that any *unnecessary* fragmentation of responsibility within a single field be avoided. Consequently, as problems of duplication or overlapping responsibility arise, the first remedy to be considered is a regrouping of tasks. It may often be found that any possible regrouping will only create a new and greater problem of co-ordination, but this is by no means invariably so. As circumstances change, new patterns become appropriate in the allocation of tasks.

This is of particular relevance to the minimizing of ministerial burdens. It is a wasteful use of ministerial talent to have several ministers concerning themselves unnecessarily with common or closely related problems, just as it may cause a wasteful use of resources to have similar or related operations conducted by a number of separate units throughout the public service. Thus, for example, the consolidation of a common service under a single minister, recommended in a number of the reports on “Supporting Services for Government”, will permit policy control in a particular field of activity to be consistent, uniform and continuing, with administrative structures of a size and competence that will permit the solution of day-to-day problems to be left to the management of the operating organizations.

Moreover the task of a minister in giving direction and impetus to the work for which he is responsible is made more manageable when the variety of his responsibilities is limited. As has been seen, the increasing diversity of govern-



ment activities, coupled with the limits on the size of Cabinet, necessitates the assignment to each minister of a growing variety of concerns, and reinforces the need to avoid any unnecessary fragmentation of responsibilities.

In addition to the proposals for consolidation of supporting services, a number of recommendations submitted in other reports for the regrouping of duties will have the effect of simplifying ministerial tasks. This can be seen, for example, in the proposal for consolidation of maritime patrol operations in the Coast Guard Service, the transfer of the Wildlife Service to the Minister of Fisheries, the transfer of the Canadian Government Travel Bureau to the Minister of Trade and Commerce, and the assumption, by the Minister of Northern Affairs and National Resources, of responsibilities relating to northern Indians now held by the Minister of Citizenship and Immigration.

In making the last of these recommendations, your Commissioners recognized that a further question remained to be dealt with: the allocation of responsibility for the Indians in southern Canada. As was noted in the report on *Education Services*, the Indian Affairs Branch has been making commendable progress towards full use of provincial facilities in meeting the educational needs of these Indians, and towards their social integration into the southern communities. Nothing should be done to hamper or arrest this trend, and it is not proposed that the organization or functions of the Indian Affairs Branch, as they relate to the southern Indians, should be disturbed.

However, it would represent an excessive division of responsibility to involve three ministers in the administration of Indian Affairs: the Minister of Citizenship and Immigration in respect of the education and welfare of southern Indians and the supervision of reserves and trust funds; the Minister of Northern Affairs and National Resources in respect of the education and welfare of northern Indians; and the Minister of National Health and Welfare for the administration of health services for all Indians through the Indian and Northern Health Services. Because the work of the Indian Affairs Branch has no close relevance to the other branches of the Department of Citizenship and Immigration, its transfer to one of the other two departments seems appropriate.

Transfer of the Branch to the Department of National Health and Welfare would consolidate, under one minister, responsibility for the health and welfare of all Indians in the more settled parts of Canada, whose future development seems likely to involve increasing use of provincial and municipal services to the extent that agreements can be reached with provincial authorities. Alternatively, transfer of the Branch to the Department of Northern Affairs and National Resources would bring together all responsibilities for

the education and welfare of Indians—both northern and southern—all of whom, although in varying stages of development, give rise to a common task of adaptation to the changing conditions of the regions in which they live and integration into the communities about them.

In the course of the inquiry, your Commissioners have observed a number of other instances in which a regrouping of tasks is desirable. Some of these have been noted in other reports, but without it being possible, within the generally restricted compass of the reports concerned, to make proposals. This can now be done.

In the report on *Real Property*, it was concluded that responsibilities now held by the Departments of Transport and Public Works, the National Harbours Board and the St. Lawrence Seaway Authority for various marine works required reassignment in a manner that would relieve the Minister of Public Works of any responsibility for other than acting as an agent in the acquisition, construction, maintenance and disposal of the real property involved. The matters concerned include:

- Wharves, piers, breakwaters and harbour facilities.
- Dredging, and protective works along the banks of navigable rivers.
- The operation of dry-docks, locks, canals and dams.
- Interprovincial and international bridges.

In view of the fact that the Department of Transport, National Harbours Board and St. Lawrence Seaway Authority are responsible to the Minister of Transport, it seems appropriate that he should assume the existing responsibilities of the Minister of Public Works in these matters. The manner in which the total responsibility for marine works can best be distributed among the organizations answerable to the Minister of Transport will be further examined in a later chapter dealing with "The Organization of Operations".

In the report on *Scientific Research and Development*, criticism was directed against the fragmentation of responsibility among the Departments of Mines and Technical Surveys, Northern Affairs and National Resources, and Transport, for studies relating to water resources. It was noted that the interests of the Minister of Northern Affairs and National Resources in water resources include more than research matters; he is, in fact, heavily involved in the growing problems of water use, and plays an active role in the co-ordination of federal interests in the conservation, development and use of this increasingly important resource—for navigation, electric power, agriculture, fisheries, forestry, mining, manufacturing, and for human con-

sumption and recreation. But it is the opinion of your Commissioners that the co-ordinating function can be better assumed by the Minister of Mines and Technical Surveys, who is already deeply concerned with programmes involving water resources and closely related geological, topographical and hydrographic activities. The responsibilities of the Minister of Northern Affairs and National Resources relating to water resources should therefore be transferred to the Minister of Mines and Technical Surveys.

The findings reported under the heading *Scientific Research and Development*, relative to both water resources and ice studies, also raised questions about the functions of the Meteorological Branch of the Department of Transport and its relationship to the Department of Mines and Technical Surveys. Again, it was noted that the research activities of the Branch were closely linked with its operating functions as a service organization. It should be recognized, however, that although the Air Services of the Department of Transport are the largest single customer of the Branch, meteorological operations have a much wider significance and require a separate organization with distinctive skills and facilities. In view of the close affinity of all aspects of meteorological work to elements of the Department of Mines and Technical Surveys, your Commissioners recommend that the Meteorological Branch be transferred to the latter Department.

The effect of this move, taken in conjunction with the transfer to the same department of the Water Resources Branch, and other changes proposed in the report on *Scientific Research and Development*, will be to bring together under one Minister most of the activities of the federal government relating to climate, topography, mineral and water resources, hydrography and oceanography. Under these circumstances, he might be more aptly described as the Minister of Geophysical Resources.

Other opportunities for the regrouping of ministerial tasks may exist in relation to the major areas of interdepartmental concern identified in the preceding section: the development of natural resources, the regulation and promotion of export trade, and the promotion of industrial growth. As was noted, these three areas constitute overlapping segments of the more general task of developing economic policy, and can be dealt with satisfactorily only as the machinery for this broader task is improved.

One general point is clear: there can be no perfect or final pattern for the allocation of ministerial responsibilities and the organization of the federal government. Organization must adapt itself to the changing wants of the public it serves, seeking at all times to reflect, as accurately as may be practical, the point of balance among the myriad and often divergent forces to which government must respond.



# 4

## PATTERNS OF ORGANIZATION

The organization of government activities must take as its starting point the role of ministers, recognizing three essential conditions. First, each activity must be the primary responsibility of a single minister, whose function it is to provide direction and impetus. Second, under cabinet government there is no single chief executive like that found in other systems or in private organizations, and responsibility for general direction and co-ordination is held by ministers collectively. Third, the qualifications of paramount importance in ministers are political; they are seldom administrators by either inclination or experience. As government becomes bigger and more complex, ministers rely increasingly on professional administrators, and the crucial task of organization is to preserve ministerial control of this growing body of permanent officials.

### THE DEPARTMENT

#### *Basic Relationships*

The traditional form of organization in the Government of Canada is the department. In considering departmental organization, it is useful to state, in general terms, the tasks of administration common to all departments:

- Developing departmental policies for consideration by the government and maintaining a channel through which policy direction flows to all parts of the department.



- Preparing plans of future activities for consideration by the government, and forecasting future needs for money, staff and other resources.
- Ensuring the availability of qualified staff and other resources needed for departmental activities, within the general limits authorized by the government, and allocating such resources.
- Developing and applying the techniques appropriate to departmental operations.
- Measuring and appraising the performance of the various elements of the department in executing departmental policies and programmes.
- Adapting the departmental organization to its changing responsibilities.

The minister's relationship to the department in the discharge of these administrative tasks must formally recognize his unlimited liability for all official acts of the public servants under his direction. It must therefore assure him of an almost unqualified authority to intervene on any matter—subject only to the overriding power of central direction exercised by ministers collectively, and the continuing safeguards in the recruitment of staff.

Within this plenitude of powers possessed by the minister in relation to his department, it rests with him to choose how he wishes to exercise his authority. At the upper extreme, he encounters unyielding limits of time and physical endurance. Without delegation of his authority, the business of the department would grind to a standstill. Simultaneously, he would find his time so pre-empted by the details of administration that he could give little attention to his political functions of overriding importance. At the lower limit, the minister cannot ignore his personal responsibility to direct departmental policies and to set the pace of activity—however much he may delegate authority. Each day brings fresh reminders of this responsibility, from Parliament, organs of public expression, and more immediately from his cabinet colleagues.

Each minister decides for himself what and how authority should be delegated to his permanent officials and what powers he will reserve to himself. His relationship with officials is thus a varying one, influenced by his personal inclinations, the capabilities of his officers, the nature and extent of the administrative tasks, and the degree of public interest in any given matter at any given point in time. Consequently, the relationship can be prescribed only in the most general terms.

The growing size and diversity of federal government activities are having a long-term effect on this relationship. For the foreseeable future,

it appears that the ability of ministers to exercise personal direction will continue to contract, with a corresponding increase in the need for delegation to the public service. As this process continues, it becomes more generally accepted that it is not the business of the minister to work his department but to see that it is competently worked. But each increase in delegation adds to the problem of control.

Any extension of delegated authority from ministers to officials—although subject to the retention by ministers of overriding reserve powers—is conditional on ministerial confidence in the ability of the public service to exercise this authority responsibly. Moreover, because of the constitutional rule of collective responsibility among ministers, it is not simply a matter of each individual minister having confidence in his own officials, although this is clearly a part of the need. Unless all ministers, collectively, feel the same degree of confidence in all segments of the public service, delegation by individual ministers will be inhibited by the apprehensions of their colleagues.

Herein lies the explanation of a number of salient features of your Commissioners' first volume of reports. Collective ministerial confidence in the administrative apparatus can be expected only if, first, the location of responsibility in any given matter can be fixed; second, the selection of those officials principally responsible is subject to the concurrence of ministers acting together; third, the exercise of delegated authority can be subjected to government-wide standards in a manner which will not blur the essential responsibility; and, fourth, official performance can be influenced and accountability ensured by appropriate and reasonably certain rewards and penalties. Hence the proposed abandonment of the existing regime of financial, personnel and general administrative controls which disperse authority and confuse responsibility. Hence, too, the recommendations that the deputy minister be fully accountable to his minister, and through his minister to the government, for all aspects of the management of the department; that the appointment and transfer of other senior departmental officials require Executive concurrence; that for each department there be a senior financial officer and senior personnel officer, serving in a staff capacity with a special responsibility for the application of service-wide procedures and standards of management; that effective methods for measuring performance be developed and applied both within departments and under the direction of the Treasury Board; and that the power to transfer, promote, dismiss or demote deputy ministers and other officials be used more vigorously, subject to reasonable guarantees of fair play.

Within each department, the exercise of the managerial authority delegated by the minister rests with the deputy minister and the headquarters organization by which he is supported (except in the special case of the Department of National Defence). Here again, review of the departmental tasks of management makes it clear that there can be no uniformity, among departments, in the demands which the various tasks make on the time and attention of the permanent head, or in the size and character of his supporting staff. At one extreme, in an organization like the Department of Finance, the deputy minister, like his minister, is preoccupied with the analysis of issues of public policy and the formulation of possible courses of action for ministerial consideration. Such a department tends to assume the character of a staff organization almost devoid of operating responsibilities. Few, if any, of the senior officers are managers in the normal sense, and it would be a misuse of their abilities to employ them in such a role. At the other extreme, in a large operating organization the oversight of operations will tend to be the major concern of senior officials.

But even the most extreme variants are not mutually exclusive categories. The department does not exist which is devoid of problems of public policy. And, however free of operating tasks a department may be, it must be staffed, housed, equipped and financed in ways that ensure the greatest possible return for the effort expended—in short, it must be managed. Thus, no deputy minister can escape either of these responsibilities, and each permanent head must be judged on both aspects of his performance.

Just as there are variations in the functions of deputy ministers among the various departments, so too there are bound to be variations in the attributes and interests brought to these tasks by different persons. Between the extreme variants, departments generally require permanent heads having not too widely divergent qualifications, and there is ample scope for periodic re-assignments of deputy ministers and their prospective successors among departments. The emphasis must be on breadth of experience and general administrative capacity rather than on specialized knowledge of departmental affairs.

↓ There is also ample justification for periodic transfers of senior officers. Appointment as a deputy minister should not be regarded as the last step of a career. On the contrary, movement of deputy ministers and other senior officers among departments offers the best means of maintaining administrative standards throughout the public service, adjusting administrative leadership within departments to changing needs, and sustaining interest and vigour among the officials themselves. In addition, greater



frequency of change among the senior officers of each department and agency will increase the likelihood that promising personnel of intermediate and junior rank will be recognized and developed.

Although the headquarters organizations of departments must exhibit wide variations in size and composition, each must include the same elements in differing proportions. The dimensions of the several administrative tasks within a department vary with the scale and character of its activities. The size, composition and rank structure of specialist staff must be adjusted accordingly—as must also the nature and degree of the external guidance their actions receive from the Executive. But their essential functions will not vary.

One general conclusion emerges clearly: the departmental form of organization is admirably suited to the needs of government in a parliamentary democracy. It is adaptable to almost any conceivable purpose and unequalled in its sensitivity to public wants. Its flexibility is evident, first, in the wide variety of uses to which it has been put: the conduct of international relations, the direction of the Armed Forces, the regulation of standards in the interests of public health and welfare, and the operation of a large service like the post office. Second, it adjusts itself almost automatically to the variations in the interests, attitudes and personalities of the men and women who compose it, and especially of those who bear the responsibility for its direction. Third, this form permits the transfer of power from one political group to another, or from one minister to another, with no destructive shock to the Executive branch and the least disruption of service. Finally, it ensures to Parliament, and through Parliament to the Canadian public, effective control of executive action, by maximizing ministerial accountability.

It is the opinion of your Commissioners that realization of the great potential advantages of the departmental form is currently impeded by the well-meant but disabling controls to which departments are subject, especially in personnel and financial matters. Powers have been curbed with no corresponding reduction in answerability; authority has been fragmented and responsibility blurred. If public needs are to be served adequately, the potential strength of the departmental form must be secured through the modification of these controls.

#### *Variations from the General Pattern*

As federal government activities have proliferated, new undertakings have been fitted into the machinery of government in a number of ways. A new programme involving only an extension of the existing operations of a



department requires nothing more than the creation of a new branch or division within the department. For many operations, however, there has been no obviously appropriate departmental home. Some of these have been accommodated in the departmental framework, in various ways.

One arrangement has been the "duplex" department which is, in fact, two departments with separate deputy ministers but joined under a common name and minister—for example, the Departments of National Revenue and of National Health and Welfare. To the extent that the two divisions in such departments have related goals or employ similar techniques, there are positive advantages in this arrangement. It may also permit some economies through the sharing of certain administrative services, but when pressed too far, this has produced organizational problems.

An alternative arrangement has been to include a new activity in some department chosen, if not at random, at least more on the basis of administrative convenience than of any close functional relationship. Where the activity concerned needs limited direction from the minister, this practice works; otherwise, the foster child is likely to suffer neglect at the hands of departmental heads who are preoccupied with their major concerns.

In some cases, composite departments have been created, consisting of generally unrelated segments. An example of this can be seen in the Department of Northern Affairs and National Resources. As a means of economizing on administrative services, this arrangement has superficial attractions, but experience with such departments has been generally unhappy. In spite of efforts by departmental heads to divide their attention equitably among the various component parts, some of the latter invariably feel that their needs are scanted. A similar sense of grievance tends to develop among some of the segments of the public who look to the several branches for service or benefits. In the present situation, as has been seen, a remedy is available. The transfer of the Canadian Government Travel Bureau to the Department of Trade and Commerce, the proposed creation of a separate Parks Commission, and the transfer to the Department of Mines and Technical Surveys of the Water Resources Branch, will create a greater unity of objects and a more tightly-knit organization within the Department of Northern Affairs and National Resources.

If the limitation on the number of ministerial portfolios also governed the number of departments, composite departments would be inescapable. In fact however, the restrictions on the creation of new ministerial posts do not limit the creation of departmental organizations, for the simple reason that a minister may be responsible for more than one such organization. Although his ministerial post bears the name of his major department,

he may possess the same relationship to other organizations in his charge, great and small, and it is precisely this relationship which is the essence of the departmental pattern.

Many of the new programmes initiated in recent years have been organized outside the normal departmental framework. New organizations have been created alongside of the major departments; these have been associated, for purposes of ministerial direction, with the various portfolios, but have not, as a general rule, been called departments. There are exceptions: the Department of Insurance and the Department of Public Printing and Stationery. The vast majority, however, have been established under a variety of other titles—commissions, councils, boards and corporations, or simply under the title of the senior officer. These miscellaneous organizations are by no means unique to Canada; an eminent British constitutional authority has referred to similar administrative entities in the United Kingdom as the “outriders” and “camp followers” of the departments and twenty-five years ago the President’s Committee on Administrative Management spoke of their counterparts in the United States as having grown up around the departments like “the barns, shacks and silos” that attach themselves to the original farm house.

In outward appearance, these agencies of the federal government vary enormously. In most cases, it is clearly the intention of Parliament that they should differ from departments in their relationships with the agencies of central control. The nature and degree of this difference varies from one case to another and they appear as a motley collection of non-departmental forms, defying classification or general prescription.

The most common characteristic of these agencies has been an exemption from certain of the controls to which departments are subject in financial, personnel and general administrative matters. But the disabilities sought to be avoided are precisely those which your Commissioners’ recommendations in the first volume of reports are designed to eliminate. The adoption of these recommendations—and of the concept of management on which they are based—would assimilate the status of certain agencies to that of the departments. In the absence of any other special factors governing relations with ministers, such organizations can therefore be regarded not as alternatives to the departmental form but more properly as species of the same genus, or associated departments.

The names given to agencies of this sort give no clue to their underlying similarity to departments. Among them are to be found, for example, the *Agricultural Stabilization Board*, the *Canadian Commercial Corporation*, the *Canadian Maritime Commission*, the *Commissioner of Penitentiaries*, *Defence*

Construction (1951) Limited, the Director, Veterans Land Act, the Dominion Bureau of Statistics, the Inspector General of Banks, the National Library, the Patent Office, the Prairie Farm Rehabilitation Administration, the Public Archives, and the Superintendent of Bankruptcy. This variation in outward form and title may be harmless—although meaningless. But in no way does it detract from their essential likeness as departmental organizations in the generic sense of the term.

Nor does the existence of a board or council necessarily affect the departmental character of agencies such as those mentioned above. Even where boards appear to be responsible for executive direction, closer examination often reveals this to be illusory. In several organizations, the boards are wholly composed of senior civil servants, functioning in reality as interdepartmental advisory committees. In others—the National Library, for example, and agencies engaged in research—the board provides a panel of advisors. Advisory boards are of value in a variety of circumstances, both for organizations such as these and for certain of the major departments—such as the Department of National Health and Welfare. But their role should not be confused with the functions of executive direction, and their use in no way modifies the role of the ministers, which determines the essential character of these organizations.

Your Commissioners have already noted instances where, in their opinion, separate administrative entities are unnecessary because the activities concerned are closely related to those of a primary department. This may be seen, for example, in the recommendation that the activities of Crown Assets Disposal Corporation be transferred to the Department of Public Works and Department of Defence Production (re-styled the Department of Purchasing and Supply), and that Defence Construction (1951) Limited be absorbed into the Department of National Defence. On the other hand, the distinctive character of the national parks administration, and the absence of any clear relevance between its activities and those of its present host department, have prompted your Commissioners to recommend for it a separate status, under a National Parks Commission.

In strict logic, each of these associated departments might be expected to enjoy the same direct relationship with a minister as do the primary departments which give their names to ministerial posts. But logic must be tempered by common sense, and it may be preferable, on administrative grounds, to attach certain of them to the major departments, bringing them under the day-to-day supervision of the deputy minister concerned. Whether or not this should be done will depend on a number of factors.

Size is clearly of relevance, it being questionable whether an organization



like the Public Archives is sufficiently large to enable it to operate efficiently on the normal departmental pattern, having its own senior financial and personnel officers and maintaining its own direct relationship with the Treasury Board.

A second consideration involves the political significance of the agency's activities—whether the extent and intensity of public interest in its policies and operations are such as to require close ministerial direction. On this score, for example, your Commissioners concluded that, although the Queen's Publisher, as proposed in the report on *Printing and Publishing*, should be treated as a statutory officer reporting to the Minister of Purchasing and Supply (Defence Production), the government-owned printing bureau under the Superintendent of Printing should be in the charge of the deputy minister of that department.

Third, the relationship between an agency's operations and those of the primary departments must be weighed. Thus, it is appropriate that research establishments in such fields as agriculture, fisheries and forestry be closely associated with the corresponding primary departments, reporting to the deputy ministers and served by the departmental administrative machinery, but the National Research Council, with the establishments for which it is responsible, requires the status of an associated department under the direct supervision of the appropriate minister.

Each activity, in short, must be examined separately in order to determine whether it should be included in a primary department or organized separately as an associated department. In using these terms "primary" and "associated" to distinguish between those departments which give their names to portfolios and those which do not, it must be made clear that the distinction is made purely for purposes of exposition. It carries no connotation of superiority and inferiority—in size, budget, or political significance, and involves no distinction as to the role of ministers or the organization of the general functions of management described in the preceding section.

#### NON-DEPARTMENTAL ORGANIZATION: BOARDS OF MANAGEMENT

Only where there is a variation in the organization of the general functions of management can there be said to be a departure from the departmental pattern. Because this requires a change in the role of ministers, any such departure raises a question of public policy. In effect, the use of a non-departmental form involves a decision that the ministerial function be restricted—and parliamentary acceptance of a corresponding diminution of



ministerial accountability. Because the departmental form offers the maximum in flexibility and responsiveness to public wants, there must clearly be special reasons for such a decision.

Although the ministerial role is essentially unimpaired in a number of organizations designated as boards and corporations, there are others in which the role of ministers has been altered, and it is to these that attention is now directed. The term that best describes these organizations is one that was once widely employed but has fallen into disuse: the public trusts. For in essence they involve the appointment, by the government, of a board of trustees to whom is delegated the management of a public undertaking, within limits of public policy as defined in broad terms by Parliament and the government.

Viewed in this light, various kinds of operations—from the Canadian National Railways or Polymer Corporation to the Canada Council—fall within a single, distinctive category which is characterized by a restricted ministerial responsibility.

All these activities of government could, if political circumstances required it, be carried on under the departmental form. The nature of an activity, by itself, does not dictate the ministerial role. Manufacturing operations, transportation services, lending and insuring activities and all the rest could be managed, like the Post Office, by departmental organizations; in fact, activities of all these kinds can be found today within various departments.

The reasons for employing a board of management in preference to a department are varied. For the largest group, it would appear to have been the judgment of Parliament that the public interest is best served if the organizations are run in accordance with commercial standards, ministerial control being limited to the definition of general goals and the selection of a competent directing board serving on a part-time basis. At least eight organizations fall into this category:

Canadian National Railways  
Canadian Overseas Telecommunication Corporation  
Eldorado Aviation Limited  
Eldorado Mining and Refining Limited  
Industrial Development Bank  
Northern Transportation Company Limited  
Polymer Corporation Limited  
Trans-Canada Air Lines

A second group includes organizations, the operations of which have been judged to be of a nature that requires a degree of remoteness from the

political process; the Bank of Canada and Canadian Broadcasting Corporation are the prime examples.

Various circumstances may suggest the desirability, as a matter of public policy, of establishing other organizations on the same principle of management. This may be true, for example, of other agencies providing lending, guaranteeing and insuring services, in addition to the Industrial Development Bank—partly because the nature of their operations lends itself to management by a board, and partly because public confidence in their impartiality may be enhanced if their day-to-day operations seem to be influenced only by business considerations. The agencies involved include Central Mortgage and Housing Corporation, Export Credits Insurance Corporation and Farm Credit Corporation. These and other agencies of indeterminate status are considered further in the next section, under the heading "Minor Variations in Form".

The choice of organizational form for each activity involves an evaluation by the government and Parliament of what the public interest requires, having regard to all the circumstances of the case. In the opinion of your Commissioners, a board of management should be used only when responsibility for the conduct of the programme can be fully delegated to an independent group, and financial viability is ensured by suitable capitalization and an adequate revenue basis.

It was noted in the first report, *A Plan for Management*, that the kind of independence possessed by these boards is dependent upon ministers being absolved by Parliament and the public of their traditional responsibility for the day-to-day conduct of operations. The essence of this form of organization is that ministerial intervention will normally be confined to control over the composition of the board, and, subject to parliamentary sanction, over the general lines of their policies and objectives.

If the three parties to this relationship—Parliament, the ministers and the boards—are to work in harmony, legislation must clearly define the objects and powers of agencies of this type. Your Commissioners have expressed the opinion that a lack of such clarity in existing legislation is largely responsible for the unsettled state of affairs within the Canadian Broadcasting Corporation and the frequent resort to bodies of inquiry. For several of the non-departmental undertakings of concern in the present context, there exists no legislation specifically defining their duties and powers: the Polymer Corporation Limited, and Eldorado Mining and Refining Limited and its subsidiaries, Eldorado Aviation and the Northern Transportation Company. Under the special conditions of wartime, the formation of Crown-owned undertakings under *The Companies Act*, with

only a general authorization by Parliament, is an administrative convenience. But because their form of management and relationship with ministers may have the effect of removing much of the agencies' operations from parliamentary control, specific legislation defining their duties and powers would seem more appropriate in peacetime.

In the absence of such legislation, agencies such as these may for commercial reasons make use of powers acquired under *The Companies Act* to do things which, while not uncommon for private companies, are exceptional in government operations—such as investing their funds in ventures outside Canada. The justification for such moves may be sound, and ministerial control may be effective, but it is your Commissioners' view that these exceptional actions should only be taken on an explicit authorization by Parliament.

The formation of subsidiary companies also raises questions involving the relationship of the board to ministers and to Parliament. Where the duties of the subsidiary are integral to the operations of the parent, like those of Eldorado Aviation Limited, separate incorporation may be regarded as only a convenience. Where, however, the activities of the subsidiary are severable from those of the parent—as is true, for example, of the Industrial Development Bank, Northern Transportation and Trans-Canada Air Lines—their subsidiary status might be questioned. If they are to maintain the relationship with ministers and Parliament appropriate in these circumstances, the proprietorship of the parent undertaking can be no more than a fiction. For such agencies there should therefore be separate legislation defining their powers and duties—as, in fact, exists for the Industrial Development Bank and Trans-Canada Air Lines—but also direct control of their boards and supervision of their policies by ministers.

Even where specific legislation exists, ministerial powers are not always clearly defined. In several cases, ministers are given a general power of direction, as in the provision of the *Canadian Overseas Telecommunication Corporation Act* that “the Corporation shall comply with any direction given to it by the Governor in Council or the Minister with respect to the exercise of its powers”. In the opinion of your Commissioners, this power is appropriate in all cases, as a supplement to the ministers' ultimate control over the membership of the boards. The existence of such authority clarifies the formal relationship between the board and the government by establishing a ministerial reserve power appropriate to this type of organization. It is recommended, however, that coupled with this power there be a requirement that ministerial directions be made public.

Your Commissioners consider it equally appropriate that the board be



③ required to furnish the minister with all information concerning its operations that he may request. This too is properly a part of the reserve power of ministers, as a means of ensuring that, when circumstances require their intervention, they are in possession of all the relevant data. In addition, the existence of such a provision would serve to clarify the relationship between Parliament, on the one hand, and the ministers and boards on the other. Although it is generally accepted that the day-to-day affairs of these undertakings, unlike those of departmental organizations, are not subject to parliamentary questioning, the decision as to what information should be divulged in response to parliamentary queries, and what should be withheld, should be the responsibility of the minister concerned rather than of the board.

The actual relationship of a minister to a board—as distinct from his formal powers—will, like his relationship with departments, vary according to the personalities involved and the fluctuating public interest in the affairs of the organization. The minister may be expected to recognize and respect the board's more intimate knowledge of the agency's operating needs and potentialities; equally, the board members may be expected to recognize the special contribution which the minister's experience and position enable and entitle him to make, and his need to be informed about their operations. The limit of his influence may never be defined with precision. It obviously depends on his own estimate of what the public interest requires—which will be affected by the fact that his absolution from responsibility for day-to-day activities will never be complete. On the other hand, it depends as well on the board's assessment of what is compatible with or required by their own responsibility for the efficient direction of the organization.

④ The tenure and composition of the boards are of obvious importance to their role and their relationship with ministers. The practice of appointment for indefinite terms may lead to a decline of vigour and create practical difficulties both for ministers wanting to modify the composition of the boards and for members who wish, after having served for some years, to be relieved of their responsibilities. Appointment for lengthy terms will tend to deprive ministers of any power to vary the membership of their boards—a necessary element of ministerial control except where the public interest is considered to require exceptional independence for the board. The appropriate term of membership will undoubtedly vary from one board to another. In the interests of continuity and balance, it should be the general rule for each board that appointments are staggered.

⑤ It is the view of your Commissioners that the members of boards of management should be chosen primarily, if not exclusively, for their capacity to provide wise and energetic direction of management. Where the organization



has country-wide operations, it may be desirable to include members from the various regions of the country, but experience and ability must be the first consideration. For some organizations such as the Canadian Broadcasting Corporation, where the ministerial role is curtailed but there is widespread and sometimes intense public interest in the operating policies, it may be more fitting to stress the representative principle in composing the board. But the functions of executive direction still require recognition, and if a representative board be appointed it should include a strong executive committee, chosen for experience in management and given primary responsibility for ensuring the efficiency of operations. An alternative arrangement may be found in the appointment of a non-representative, expert board, with a representative advisory committee to review those matters for which a diversity of backgrounds is needed.

The boards of three of the agencies mentioned earlier in this section—Export Credits Insurance Corporation, the Farm Credit Corporation and Central Mortgage and Housing Corporation—are composed wholly or partly of senior civil servants. Your Commissioners have already questioned the wisdom of this practice in the report on *Lending, Guaranteeing and Insuring Activities*. In most cases, the civil servants are drawn from departments having a particular interest in the operations of the agency concerned. They constitute, in effect, an interdepartmental committee advising the chief executive of the agency on the application of government policies. Such a committee may be of real value, but your Commissioners consider that, composed as it is, it cannot either provide the business experience or maintain the relationship with ministers necessary in a board of management. It is one thing for ministers to disclaim responsibility for the affairs of undertakings having a board of management with independent status; but it would seem to be quite a different matter when the board consists of or is controlled by permanent officials, each of whom is answerable to his own minister for his actions. (5) not too many dept. agencies

As in a business corporation, the selection of a chief executive officer is a matter of vital concern to the board of management of a government undertaking. But it is of equal importance that the chief executive have the confidence of the government; this is reflected in the fact that, for most of the organizations considered here, these appointments are made by the Governor in Council. Your Commissioners believe, however, that there should be prior consultation with the board. The appointment of other senior officers should be the sole responsibility of the board.

The financing of these non-departmental agencies is obviously of crucial significance in the relationship between the agency and the government since

*financing*  
it defines, to a large extent, both the limits of their operating autonomy and the basis on which their performance will be judged. This applies to both the capital financing and the arrangements by which operating needs are met.

The capital needs of the undertakings must be met in a way which defines their financial obligation toward the government. For each of these undertakings, the government is the sole shareholder and usually the sole creditor or guarantor on capital account, and because no clear distinction can be drawn between the government's interest as proprietor and its interest as creditor or guarantor, the categories of capital liabilities used in corporate finance do not serve their normal purpose of defining the priority of claims on the organization's earnings and assets. They do, however, have some value as a means of defining the liabilities of the undertaking and a basis for the measurement of its performance.

If the definition of financial obligations is to be realistic, liabilities should not be created in respect of uneconomic operations which the boards are required to undertake as a matter of public policy. Such requirements should therefore be met by outright grants—for which there is the added justification that this action will help disclose to Parliament and the public the cost to the public purse of the operations in question. Moreover, because the definition of financial targets inevitably involves forecasts of future conditions, the liabilities to the government should be reassessed from time to time and, where necessary, accumulations of dead-weight debt should be removed by legislative action.

For most of these undertakings, a measure of ministerial (and parliamentary) control over the general development of plans and programmes is provided by Section 80(2) of the *Financial Administration Act*:

For each corporation the appropriate Ministers shall annually lay before Parliament the capital budget for its financial year approved by the Governor in Council on the recommendation of the appropriate Minister and the Minister of Finance.

On the other hand, operating budgets are solely the responsibility of the board. There is, of course, a ministerial and parliamentary interest whenever an undertaking requires a parliamentary appropriation to finance its operations, but even in these cases, the primary responsibility for the efficiency of operations rests with the board, and their requirements are examined in far less detail than those of departmental organizations. In the opinion of your Commissioners, where an undertaking of this type is largely or wholly dependent on appropriations to meet its operating costs, proper planning and management by the board and executive officers depend on the assurance of some stability of revenues from public funds over a period of years.



## MINOR VARIATIONS IN FORM

Thus far, two general patterns of organization have been identified: the departments or departmental-type bodies, and public trusts directed by boards of management. The distinguishing characteristic is the relationship between ministers and the organization. As was seen, the general concept of departmental organization permits the widest possible liberality of interpretation in the role of ministers. The non-departmental organization narrows this latitude by entrusting control over and responsibility for day-to-day management to a directing board.

However, the relationship between ministers and the machinery of administration is complex, and considerations of public policy may suggest that it be modified in many respects, varying from one case to another. As has been noted already, there are many varieties of the departmental pattern and although most of the differences lack significance this is not true of all. For example, it is the general rule that the deputy head of a departmental organization is fully accountable to his minister for the management of the organization and holds office during pleasure; but in certain circumstances such as those surrounding the compilation and dissemination of statistics or the granting of patents, the integrity of the organization may require a protected status for its permanent head. In other cases, advisory councils have a role to play in the formulation of policy and planning of programmes without impairing ministerial authority and responsibility. Similarly, it is recognized that the statutory definition of relations between ministers and boards of management may vary according to the circumstances. |||

In addition to the exceptions and variants already noted, there exist a number of agencies that defy simple classification within either of the two categories.

Reference has already been made to certain of the organizations involved in lending, guaranteeing and insuring activities: Central Mortgage and Housing Corporation, Export Credits Insurance Corporation and the Farm Credit Corporation. These bear a close resemblance to the public trusts examined earlier, but in each of them the role of the board differs significantly from that of the boards of management in such organizations as the Polymer Corporation or the Canadian National Railways. In the latter, the board and chief executive have the task of adjusting operations—subject to government approval of their capital budgets—to changing conditions in the markets they serve. For the lending, guaranteeing and insuring agencies, on the other hand, the scale and character of operations depend on a calculation of what the public interest requires rather than of what

the market will take. Consequently, in such cases the initiative in shaping policy must rest with ministers to a far greater extent and a board composed of businessmen or others having special knowledge relevant to operations can play only a minor role in matters of policy. A board may, of course, be held responsible for the efficient conduct of operations and may serve to ensure that lending and insuring activities are based on commercial judgment. But, in the Export Credits Insurance Corporation and Farm Credit Corporation the boards are composed wholly of civil servants and independent policy advice is provided by advisory councils.

In the opinion of your Commissioners, these organizations might properly be more closely assimilated to the departmental form, with advisory councils where appropriate and, if necessary, special review procedures to ensure impartiality in the treatment of applications for loans and guarantees.

Something like this arrangement can be seen in the Unemployment Insurance Commission. In most respects, this agency is departmental in character. There are, however, several important deviations from the usual pattern. First, in place of a single permanent head there is a three-man commission, to provide representation of the principal interests involved—employers, employees and government. Second, appeal procedures permit the impartial review of decisions concerning eligibility for insurance coverage and benefits. Third, the fiduciary character of the insurance funds is recognized by the appointment of an investments committee. In addition, an advisory council concerns itself with the state of the fund and recommends to the government such modifications of policy as it thinks desirable.

Some of the same features—the substitution of a commission for a single executive head, and the use of an investments committee and an advisory committee—are also found in the Canadian Wheat Board. This agency, however, has greater managerial independence in budgetary, personnel and related matters, although it has no board of directors of the kind found in the large commercial corporations. It also has regulatory powers. In matters of marketing policy, the ministerial role is clearly dominant, but because of its exemption from the general administrative controls of the government, and the security of tenure enjoyed by the Commissioners, there is an absence of formal ministerial control—even in the form of reserve powers—over its operations.

Both the Wheat Board and the St. Lawrence Seaway Authority resemble the public trusts more than the departmental organizations in their relations with ministers in matters of day-to-day administration, but differ from the public trusts in that they are directed by full-time salaried officials rather than by part-time boards of management.



Like the Wheat Board, the Board of Grain Commissioners combines service and regulatory functions and is directed by a board of full-time commissioners appointed for fixed terms and removable only for cause. Unlike the Wheat Board, however, this agency functions on essentially departmental lines. A similar pattern of organization would be appropriate for the proposed National Parks Commission.

The general plan of management for the public service recommended in the first volume of reports seems suited—with appropriate provision for special circumstances—to a number of other agencies. The Canadian Commercial Corporation, for example, is essentially a convenience to other governments; its operations are in all material respects integral to those of the purchasing department with which it is associated. While its continued existence as a legal entity may be useful, no purpose is served by a separate management and staff.

As was noted in a number of other reports, some exceptions to the general system of control exercised over departments has been occasioned, in part at least, by the alleged difficulty of applying the *Civil Service Act* in the employment of large numbers of scientific, artistic and industrial personnel. With the new flexibility in personnel management proposed by your Commissioners, any justification for special autonomy on this score would disappear. However, a problem would be encountered where collective bargaining has been accepted—unless, at some future date, a general pattern of employer-employee relations becomes established throughout the public service, within which such practices can be accommodated. Although, as noted in the first report, the pattern of staff relations in the public service is undergoing change, it has been the view of your Commissioners that the direction and pace of change can only be worked out between those directly concerned, the government and its employees, and the outcome can be neither predicted nor prescribed by your Commissioners.

Although numerous changes in organization patterns have been suggested in this chapter, your Commissioners appreciate that any substantial change in form involves an alteration in the role of ministers and therefore raises questions of public policy. Consequently, it has not been our intention to offer a detailed plan of organization, defining the position of every department and agency in the machinery of government and the form appropriate to each. Where changes have been suggested, they have been intended to clarify rather than to alter what appear to be the existing or intended relationships between ministers and the organizations concerned.

Existing legislation too often lacks clarity and precision in defining the duties and powers on the one hand of ministers, both collectively and in-

dividually, and on the other of the corporations, boards, commissions, bureaux and other organizations for which, in varying degrees, ministers are accountable to Parliament. It is only natural and proper that, in an administrative apparatus as large and diverse as the Government of Canada, there should be a wide variation in forms of organization—but there is compelling need for adequate definition of the limits of authority enjoyed by each of these bodies.

#### THE QUESTION OF CORPORATE IDENTITY

In the foregoing discussion of departmental and non-departmental organizations, no consideration has been given to the effect of incorporation on organizational patterns and relationships. Although the Crown corporation is widely considered to be the principal alternative to departmental organization, your Commissioners are of the opinion that whatever meaning the term "Crown corporation" may have had originally, it has none today.

It has already been noted in this chapter that a number of Crown corporations are indistinguishable from departments in the general character of their activities and their relations with ministers. Other corporations are clearly differentiated from departmental organizations by virtue of having boards of management with substantial powers of direction, and a corresponding diminution of ministerial responsibility.

Crown corporations have been created in one of two ways. One group, including such varied undertakings as the Canadian National Railways, National Gallery of Canada and Central Mortgage and Housing Corporation were created by special statutes, in which they were designated as corporations. Others, including such agencies as the Polymer Corporation Limited and Atomic Energy of Canada Limited were incorporated under *The Companies Act* by virtue of a general power such as that now found in the *Defence Production Act*:

The Minister may, if he considers that the carrying out of the purposes of this Act is likely to be facilitated thereby, . . . procure the incorporation of any one or more corporations for the purpose of undertaking or carrying out any acts or things that the Minister is authorized to undertake or carry out under this Act.

Similar powers are conferred in the *Atomic Energy Control Act*, the *Research Act* and the *St. Lawrence Seaway Authority Act*. As your Commissioners have already observed, the necessity or desirability of such powers as a means of creating non-departmental organizations, is questionable in ordinary circumstances.

A variety of special circumstances account for the formation of different corporations. In the case of the Canadian National Railways, it offered the easiest means of assuming the assets and liabilities of the privately-owned

enterprises for which the government had become responsible. The Bank of Canada involved private share capital when incorporated in 1934, and the form was left undisturbed when, by a subsequent amendment to the Act, the shares were acquired by the government. In special cases, incorporation has facilitated joint undertakings by the federal government and provincial governments—for example, the National Battlefields Commission. During World War II, many Crown companies were incorporated under *The Companies Act* to permit speedy action in the war effort and provide a familiar setting for businessmen drawn into wartime administration.

It is impossible, however, to discover what administrative significance attaches to the incorporation of a government agency. Considering as a whole all the organizations designated as Crown corporations, no common and distinctive characteristic can be discerned in their form, functions, powers, or relationships with ministers and with the control agencies of government.

The dictionary defines a corporation as “a united body of persons, especially one authorized to act as an individual; or an artificial person created by charter, prescription, or Act of the legislature, comprising many persons (a corporation aggregate) or one (a corporation sole)”. All Crown corporations do, of course, have a separate legal identity conferred by charter or Act of Parliament, which permits them to transact business and engage in legal proceedings in their own names rather than in the name of the Crown. But other government organizations have the same right, without having been designated or regarded as corporations. This involves only a formality which has the merit of minimizing public inconvenience or confusion.

Although the corporate device has a definite significance in business practice, the business corporation has evolved in response to commercial needs which the government does not share. It provides a means by which a group of individuals, the shareholders, can band together to create a legal personality, the corporation, the existence of which is unaffected by the withdrawal or even the death of individual shareholders, and toward which the financial obligations of the shareholders are limited to the share capital they have subscribed.

None of these things is of any relevance to a government organization even if it is operating on a commercial basis with the objective of paying its own way out of earned revenues. It is inconceivable that a corporation could survive the extinction of its sole shareholder, the Government of Canada. It is equally inconceivable, in terms of political realities, that the government would ever claim a limited liability and permit the organization to be forced into liquidation by its creditors.

Government-owned commercial undertakings, by the very nature of their



ownership, enjoy certain advantages over privately-owned corporations. They are usually under no obligation to pay dividends and build up reserves; their credit is never in jeopardy; they can borrow at more favourable rates. On the other hand, they must accept certain disadvantages: in their operations, their plans for development, and in the timing of their capital programmes, commercial judgment may have to yield to considerations of public interest. The concentration of the shareholders' interest in one person—the minister—means that the managing board must work, so to speak, under the eye of a shareholders' meeting in continuous session.

Between the business corporation and its various classes of shareholders and creditors there has developed a complex array of legal relationships, to establish who shall be entitled to a directing voice in its affairs, and the priority of claims on its earnings and assets. Distinctions are made between equity capital and bonded indebtedness, common stock and preferred stock, mortgage bonds and income debentures, and a wide variety of further refinements in corporate obligations. Because of the extent to which the various interests of shareholder, creditor and guarantor are merged indistinguishably in the government, these distinctions are, strictly speaking, irrelevant to the Crown corporations. Comparisons between the capital liabilities of a government-owned undertaking and those of a private corporation are almost bound to be misleading. However, as has been noted, these concepts of corporate finance are useful as means of defining the financial obligations of the public trusts to the government.

A common characteristic among Crown corporations is an immunity from the external controls to which the ordinary departments are subject, especially in their financial and personnel administration. Even a cursory review, however, reveals that there is no uniformity among them in these matters, nor any essential difference from departments or other unincorporated agencies, as Table 1 shows.


The *Financial Administration Act* of 1951 included a separate section under the general heading "Crown Corporations", in which an effort was made to categorize the corporate agencies (with a few exceptions, including the Bank of Canada and Canadian Wheat Board), for purposes of financial control by the government. Two of these categories—the "Agency" and "Proprietary" corporations—were given a general exemption from the provisions of the Act relating to departments; they were required to submit their annual capital budgets for ministerial approval, the "Agency" corporations having to secure approval of their operating budgets as well. But it was necessary to recognize a third category, the "Departmental Corporations", which could not be distinguished from the departments for purposes of financial administration.

Table 1—CROWN CORPORATIONS, 1962

Title	Incorporation		Statutory Classification				Operations Financed By			Appoint- ment of Staff	Manage- ment			
	By Special Act	Under Companies Act	Departmental	Agency	Proprietary	Unclassified	Corporate Income	Income and Votes	Parliamentary Grants	Civil Service Commission	Governor in Council or Corporation	Part-Time Board	Civil Service in Whole or Part	Full-Time Salaried Board
Agricultural Stabilization Board.....	X		X					X			X			X
Atomic Energy Control Board.....	X		X						X		X		X	
Atomic Energy of Canada Limited.....		X		X				X			X	X		
Bank of Canada.....	X					X	X				X		X	
Canadian Arsenals Limited.....		X		X				X			X			
Canadian Broadcasting Corporation.....	X				X		X	X			X	X		
Canadian Commercial Corporation.....	X			X							X		X	
Canadian Maritime Commission.....	X		X						X	X			X	
Canadian National Railways.....	X				X		X		X		X	X		
Canadian Overseas Telecommunication Corp.....	X				X		X				X	X		
Canadian Patents and Development Ltd.....		X		X			X				X		X	
Canadian Wheat Board.....	X					X	X				X			X
Central Mortgage and Housing Corp.....	X				X		X				X		X	
Cornwall International Bridge Co. Ltd.....		X			X		X				X	X		
Crown Assets Disposal Corporation.....	X			X			X				X		X	
Defence Construction (1951) Limited.....		X		X					X	X	X		X	
Director, Veterans Land Act.....	X		X					X		X			X	X
Dominion Coal Board.....	X		X					X		X			X	
Eldorado Aviation Limited.....		X			X		X				X	X		
Eldorado Mining and Refining Limited.....		X			X		X				X		X	
Export Credits Insurance Corporation.....	X				X		X				X		X	
Farm Credit Corporation.....	X				X						X		X	
Fisheries Prices Support Board.....	X		X						X		X	X		
Industrial Development Bank.....	X					X	X				X	X		
National Battlefields Commission.....	X			X					X	X		X		
National Capital Commission.....	X			X					X	X		X		
National Gallery of Canada.....	X		X						X	X		X		
National Harbours Board.....	X			X				X			X	X		X
National Productivity Council.....	X					X			X	X	X	X		
National Research Council.....	X		X						X	X		X		
Northern Canada Power Commission.....	X			X			X				X		X	
Northern Ontario Pipe Line Crown Corp.....	X					X	X				X	X		
Northern Transportation Co. Ltd.....		X			X		X				X	X		
Polymer Corporation Limited.....					X		X				X	X		X
St. Lawrence Seaway Authority.....	X				X		X				X			
Trans-Canada Air Lines.....	X				X		X				X		X	
Unemployment Insurance Commission.....	X		X						X	X				X

Note: This categorization takes no account of minor variations but is based on dominant characteristics and usual practice. Foreign subsidiaries, such as those of the Canadian National Railways and Polymer Corporation are not included, nor are corporations which are inactive but have not been wound up.

Similarly, although most Crown corporations are excluded from the application of the *Civil Service Act*, this is not true of others. Nor does lack of corporate status prevent many other government organizations from having this immunity in respect of all or a large number of their personnel.



Thus, freedom from detailed external controls is neither dependent on nor a necessary consequence of incorporation. The National Film Board, which is neither designated nor commonly regarded as a corporation, possesses greater autonomy in both financial and personnel matters than many corporate bodies. Nor does the greater autonomy granted to many corporations arise out of any special need associated with corporate status; on the contrary, it reflects rather the failure to recognize or remedy the crippling effects, felt by the departments themselves, of the regime of meticulous control to which the latter are subject. The fact that the agencies which have been spared these detailed controls have, in many cases, established commendable records of administrative performance underscores the conclusion that such controls are not essential to ensure honesty, efficiency and impartiality in public administration.

#### LICENCING, REGULATORY AND ADJUDICATIVE BODIES

As the impact of government on the welfare of its citizens and on the conduct of economic affairs has increased, there has been a growing concern that benefits should be conferred and business activity regulated with consistency and impartiality. This has led to the creation of new forms of organization—variously described as regulatory agencies, administrative tribunals, deciding tribunals or quasi-judicial bodies—having varying degrees of independence from ministerial control.

Traditionally, the courts interpret the law governing the rights and obligations of the citizen in relation to government. The reasons for the creation of special machinery within the Executive branch to supplement or, in some cases, to supplant the courts in this role are not of concern here. What is of interest in the present context is the form which these organizations have been given, and especially their relationships with ministers.

Many benefits and privileges are conferred—from family allowances and old age pensions to mineral exploration rights in the northern territories—by the ordinary machinery of departmental administration. Similarly, departments discharge regulatory functions affecting a wide range of business activities—from the grading of foods to the practices of trustees in bankruptcy. The nature of the activity, by itself, does not dictate the form of organization.

The administrative tribunals of the federal government have never, to the knowledge of your Commissioners, been the subject of systematic study. Nor does there exist a definition of what bodies should be considered under this heading, and those to which reference is made below are not to be



regarded as an exhaustive listing. A number of bodies—the Board of Transport Commissioners, the Air Transport Board, the National Energy Board, the Tariff Board and the Tax Appeal Board—are declared by statute to be “courts of record”; but others, like the Board of Broadcast Governors and Canada Labour Relations Board, are not so designated. Some operating agencies, like the Unemployment Insurance Commission, have certain adjudicative functions, but their primary task is clearly the administration of major services and it would be difficult to consider them as tribunals. On the other hand, organizations such as the Board of Transport Commissioners, National Energy Board and Tariff Board, although designated as courts of record and universally regarded as licencing, regulatory or adjudicative tribunals, bear other responsibilities—for the administration of certain operating programmes or for the formulation of advice to ministers on the development of policy. The Pension Commissioners are charged with the granting of benefits to veterans and their dependents but also serve as an appeal body to review administrative decisions concerning entitlement.

The boards commonly regarded as administrative tribunals fall into two general categories in their relationship to the administrative process. One group, including the regulatory and licencing bodies—the Board of Transport Commissioners, Air Transport Board, National Energy Board, and Board of Broadcast Governors—and such organizations as the Canada Labour Relations Board and Restrictive Trade Practices Commission, have original jurisdiction. The others are essentially appeal bodies, reviewing prior administrative decisions. Sometimes, as in the case of the Pension Commissioners, the disputed decisions are made by the same organization in its administrative aspect; in other instances—the Tariff Board, Tax Appeal Board, and the Umpire appointed under the *Unemployment Insurance Act*—the reviewing body is clearly distinguished from the administrative organization.

Within both categories, however, the relationship between ministers and the boards varies. This may be seen, first of all, in the manner of appointment and tenure enjoyed by members of the board. Appointments to the Board of Broadcast Governors, the Board of Transport Commissioners, National Energy Board and Tax Appeal Board are for a fixed term of years, with removal only for cause on a joint address of the Houses of Parliament. Members of the Tariff Board, Air Transport Board, Canadian Pension Commission and Restrictive Trade Practices Commission, who are also appointed for fixed terms, are removable for cause by the Governor in Council. Appointments to the Canada Labour Relations Board and War Veterans Allowance Board, however, are “during pleasure”, and the Immigration Appeal Board is

established at the discretion of the Minister of Citizenship and Immigration. Under the *Unemployment Insurance Act*, the Umpire and deputy umpires are chosen from among the judges of the Exchequer Court and the superior courts of the provinces.

The status of findings and decisions also varies, with no discernible relationship to the method of appointment or basis of tenure. Decisions of the unemployment insurance Umpire, the Canada Labour Relations Board, the Canadian Pension Commission and the War Veterans Allowance Board are final, but those of the Tariff and Tax Appeal Boards may be appealed to the courts. Among the regulatory bodies, the situation varies; decisions on applications for licences generally require concurrence by either the responsible minister or the Governor in Council. While the Board of Transport Commissioners and Board of Broadcast Governors are empowered to issue regulations in their own name, the regulations of the Air Transport Board and National Energy Board require approval by the Governor in Council. The decisions of the Restrictive Trade Practices Commission take the form of a report to the Minister of Justice. In addition, there are variations in the right of appeal to ministers against the decisions or rulings of the different tribunals. This diversity is further compounded by variations in the working relationships developed over the years between the Boards and their respective ministers.

Regardless of the degree of autonomy possessed by members of the boards, in the management of their personnel, finances and other administrative and supporting services they follow generally the departmental pattern—with no more and no less inconvenience than is suffered by the departments. For some—the pension and allowance boards, and the Canada Labour Relations Board, for example—administrative staff is provided by the departments with which they are associated. Others, including the regulatory bodies and the Tax Appeal Board, employ their own staffs, subject to the *Civil Service Act*.

Finally, there are widespread differences in the procedures followed by the tribunals, either as a result of differing statutory requirements or because of decisions taken by the boards themselves. No uniformity or consistency of principle was observed among them in respect of such matters as the obtaining of evidence and its disclosure to interested parties, the examination of petitioners and witnesses, the publicity given to hearings and other proceedings, and the form and publication of decisions, rulings or reports.

The variations noted above raise a general question: how far should these tribunals, in their status and procedures, be assimilated to the courts? Although they form part of the Executive branch of government, their under-

lying function has much in common with that of the judiciary: to ensure thoroughness and impartiality in establishing the facts of a case and in reaching a decision. Consequently, there is relevance in the judicial precept that justice should not only be done but should be seen to be done. What the public interest requires may vary from one board to another, but for each it is proper to ask whether the principles of natural justice should not apply. Moreover, because the tribunals are concerned with the rights and obligations of the citizen, the relevance of the *Bill of Rights* cannot be overlooked; that it affects judicial attitudes toward administrative tribunals is already evident.

Recognizing that questions of legislative policy were involved, your Commissioners did not cause an exhaustive inquiry to be made into the various licencing, regulatory and adjudicative tribunals. However, a number of boards were examined to the extent necessary to establish their apparent relationships with ministers, and, apropos their service to the public, to identify instances where undue delays seemed to occur and to ascertain the causes.

On the latter score, evidence of serious delays was observed in the Tariff Board and Tax Appeal Board, and, to a lesser extent, in the proceedings of the Umpire, *Unemployment Insurance Act*, and of the Canadian Pension Commission. These delays are attributable to a variety of factors: the most significant causes were found to be staff shortages (aggravated in the Tariff Board by the burden of references from the Minister of Finance) the deferment of consideration pending the results of appeals to the courts in related matters, difficulties in allocating the time of the boards and their staffs, and procedural defects. Although action has since been taken to remedy certain of the contributing defects, further improvement is needed.

Generally, your Commissioners were struck by the lack of any consistency in the status, form and procedures of the tribunals examined. It is noted that, during the past three decades, in both the United Kingdom and the United States these matters have been the subject of official inquiries and extensive public discussion, resulting in a variety of general legislative efforts to establish greater consistency of principle and regularity of form and practice. Nothing comparable has occurred in Canada and the limited findings of your Commissioners suggest the need for a comprehensive study of this important field.



# 5

## THE ORGANIZATION OF OPERATIONS

The foregoing chapters have emphasized the role of the minister as the principal factor determining the form of organization appropriate to each activity of the federal government. For this reason, organization must be designed from the top down, in order to ensure that the powers of ministers are commensurate with their accountability. This is the great centripetal force in government, tending to concentrate all authority.

An exaggerated concern with ministerial authority, however, will produce administrative apoplexy at the centre of government and paralysis at the working extremities, and cause frustrating delay and inconvenience to the public. Consequently, in addition to the strengthening of departmental powers recommended in the first volume of reports, there must be, within departments and agencies, a devolution to branches, divisions and other operating units of all matters that do not require close and continuous attention on the part of the minister and the headquarters staff. The plan of organization within each department and agency must therefore take account of the nature, scale and geographic dispersion of its operating responsibilities. Since these differ for each activity, no two organizations can be expected to exhibit the same internal structure. Nonetheless in the process of adaptation to operational circumstances certain general considerations must be recognized.

### THE DEVOLUTION OF AUTHORITY

The need for devolution results from the development of Canada and the

growth of the federal government in size and diversity. It is worth recalling that at the time of Confederation the entire machinery of government in Ottawa was accommodated in the East Block on Parliament Hill. The largest department of that day had a staff only barely sufficient to man one of today's larger post offices. Even on the eve of the first World War, the entire federal administration had fewer employees than several of the departments of 1962.

Ministers and senior officers were able in the early years to maintain close touch with their staffs and exercise fairly direct control over all operations with little devolution of authority. But as their organizations expanded, the growth in numbers and the multiplication of organizational levels intervening between departmental heads and the rank and file made this direct supervision impossible. But there has been—perhaps inevitably—a persistent reluctance to delegate. As long ago as 1912 an outside expert, Sir George Murray, reported to Cabinet that “the minister has too much to do and tries to do too much”. Fifty years later, this state of affairs is little changed, with the result that the public is often exasperated in dealing with public servants lacking power of decision even in commonplace situations.

The growth in size has been accompanied by an increasing diversity of tasks and specialization of operating techniques. As this has happened, and particularly in relation to technical activities, greater autonomy has been granted to some operating units, even within the departmental structure. The Meteorological Branch, for example, has long managed its own affairs with a minimum of attention from the headquarters of the Department of Transport—to the extent, even, of basing its organization on Toronto rather than Ottawa.

As a general rule, however, devolution of authority to manage is limited by the inadequacy of the departmental power to take decisions. Thus ministers and their senior officials, denied the authority needed to discharge their own responsibilities, have generally been unable to divest themselves of the growing burdens involved in the conduct of operations. It is therefore clear that the strengthening of departmental powers recommended in the first volume of reports is necessary not only to enable department heads to do the job for which they are accountable but also to permit a proper delegation of power and responsibility within departments.

The second prerequisite to devolution is the need to distinguish between those powers that should be delegated and those that should not. In some instances, operating units have been given too much freedom to define their own objectives and too little control over the means of achieving them; instances can be found among the research organizations discussed in the

report on *Scientific Research and Development* and in the organization of the programming function as described in the report on the *Canadian Broadcasting Corporation*. Operating units should not determine their own objectives without reference to the headquarters of the organization. On the contrary, there can be devolution only when policies and objectives can be clearly prescribed. Where this can be done, responsibility should be assigned unequivocally, with corresponding authority to get the job done.

It is not enough, however, that the responsibilities of operating units be clearly defined and that they be given appropriate authority. The minister remains accountable for all activities in his charge. Consequently, the third requirement of devolution is that there be effective checks by the deputy minister and his headquarters staff on the performance of the operating units. This requires the development of full and accurate data, regular and prompt reporting procedures, and intelligent use of such data as a denominator of operational efficiency. With the adoption of the plan of management proposed in the first volume—and especially the recommendations relating to financial administration and reporting—the development of effective systems of internal review and control should present no insuperable difficulties.

One further condition must be recognized. Where there is devolution of operating authority and responsibility there must be the means, and the willingness, to reward good performance and to penalize inadequacy. This will, of course, require safeguards against arbitrariness or injustice; but such safeguards can be provided without denying departmental heads the right to manage.

With a few notable exceptions, your Commissioners have found that the organization of operations in the federal government fails to meet these specifications. In the development of accurate costs and the use of comparative figures to measure effectiveness against similar activities outside government—in hospital management, for example—there has been an almost total failure. Such cost data as are actually developed are too often inadequately based, carelessly prepared, inexcusably late in appearance and, either as cause or result, put to no useful purpose by those to whom they are submitted. Only as this weakness is remedied can the responsible minister form reliable judgments as to the efficiency of operations and perform the indispensable function of rewarding superior performance and penalizing the inefficient.

In proposing a greater devolution of authority to operating units on the basis outlined above, your Commissioners recognize that the operations involved will continue to be of no less interest to the public than in the past. As has been observed frequently, all government activity has at least



potential political significance. Even the most technical operations may from time to time attract lively and critical public comment and involve the responsible minister in controversy.

Any system of devolution must therefore take adequate account of this ever-present political factor. First, as has been noted, the general accountability of ministers to Parliament requires that, however much they may delegate, they must retain a reserve power to intervene unless Parliament has specifically limited their powers and, by implication at least, absolved them of responsibility. Second, where the authority delegated to operating units confers significant discretionary powers affecting the rights and obligations of citizens, systematic review procedures are necessary. This may involve the reporting to departmental heads of all decisions taken under such powers, or periodic review of samples of such decisions; in other instances, a formal process of appeal may be appropriate, permitting recourse by the public to a reviewing tribunal, or to the minister himself.

Finally, where there is to be a substantial devolution to operating units, no matter how technical their activities may be, professional knowledge and experience are of secondary importance in choosing the head of the unit. Above all, he must have administrative ability, and an awareness of the probable public reactions to the activities under his direction. It is not his function to make political decisions, but to know when such decisions must be sought from those who have the ultimate responsibility to Parliament and the Canadian public.

For all these reasons, the pattern of devolution will vary from one operation to another. Some services may be granted more autonomy than others, both in matters of substance involving the interpretation of their duties, and in the administrative aspects of their work, such as budgeting, accounting and personnel management. The arrangements adopted in each case must be adapted to the relevant circumstances.

## THE DISPERSION OF OPERATIONS

Devolution, as discussed above, is concerned with the delegation of authority from the heads of a department or agency to the branches, divisions or other units having operational responsibility for individual programmes. The geographic dispersion of the tasks involved in the various programmes raises additional questions that are of particular importance in a country as large and regionally varied as Canada.

Leaving aside the commercial undertakings and the Armed Forces, only

twenty-four per cent of the full-time federal public service work in the Ottawa-Hull area. Three-quarters of the public servants are dispersed throughout the rest of Canada, largely in fourteen urban centres from St. John's to Victoria. For most of the Canadian public, these field staffs are the only points of contact with the machinery of federal government—in post offices and customs houses, for example, or among the local purchasing agents and the staffs of national parks and airports. Other activities involving little direct contact with the local populations also require far-flung operations—such as air traffic control and programmes of scientific research. How these scattered activities are organized and staffed, how their duties and powers are defined, how their performance is appraised and their effectiveness ensured, are matters of importance to the economy and efficiency of the federal administration and to the quality of service received by the public.

It is necessary to distinguish between the local administration of a country-wide programme or service, and the administration of a local or regional undertaking in which there is a national interest.

The first category of operations involves such widespread field organizations as those of the Post Office, Department of National Revenue, Unemployment Insurance Commission and National Employment Service, the Civil Service Commission and other supporting services required in the administration of federal government programmes everywhere.

For many operations, where the number of field units is small and the need for day-to-day supervision is limited, local offices report directly to headquarters. The fourteen district purchasing offices of the Department of Defence Production, for example, which have clearly defined duties, powers and operating standards, are readily supervised from Ottawa. When operations are more dispersed, however, a two or three-tiered field organization may be necessary. The outstanding example of this is the Post Office. Other organizations that encounter the same need to a lesser extent have met it with varying success. In the Department of National Revenue, for example, the rational and apparently effective field structure in the Taxation Division contrasts sharply with the Custom and Excise Division in which 288 Collectors of Customs are directly responsible to headquarters.

The administration of programmes such as these affects the rights and obligation of citizens in relation to the federal government—as taxpayers, claimants for benefits, applicants for jobs, users of federal services, and suppliers of goods and services. Because of the need for maintaining country-wide standards in such matters there must be some limitation of the powers of decision delegated to local officers, but the limit must be set as high as possible. The solution is not to require the submission of all questions of

judgment to Ottawa: nothing can be better calculated to cause congestion at the centre and frustrating delays to the public.

Up to a point, the need for uniformity of standards can be met by providing detailed instructions—like the Postal Guide. The discretionary element can never be wholly eliminated but it must be asked whether local authority, instead of being curbed, might not better be supplemented by special procedures for reviewing its exercise of discretion, or by permitting appeals to central reviewing bodies as is done in the Unemployment Insurance Commission.

In the long run, one of the most effective means of maintaining country-wide standards lies in rotation of staff, both between headquarters and the field and among field units. In the clerical and industrial grades, rotation may be neither of advantage to the department or agency, nor welcomed by the employees; but among those public servants charged with the formulation or interpretation of standards, it is essential. For an organization with extensive field operations to be entirely staffed at headquarters with people lacking field experience is no less damaging than the staffing of control agencies by people without departmental experience. It is equally important that officers in the field gain headquarters experience, for a better understanding of the objectives of their operations and the standards of judgment to be applied.

There is a growing recognition of this need in some departments and agencies. However, not infrequently there exists a sharp separation between headquarters and field—a lingering legacy of the differentiation made in the public service in the early decades of this century. And, not surprisingly, where this condition prevails it is generally accompanied by a marked reluctance to delegate adequate authority to the offices in the field.

Your Commissioners are of the opinion that more systematic and energetic measures are needed to encourage the freer movement of public servants between headquarters and field establishments. Rotation on this pattern should therefore be coupled with a promotion policy that effectively marks such transfers as a recognition of ability and a forward step in career development. Action must also be taken to remove or reduce any obstacles to mobility of personnel. In particular, the encouragement of greater movement will lend added urgency to the already pressing need for energetic action to improve the record of bilingualism in the public service.

In the last analysis, the organization of strong and effective operations in the field depends on the development of a more unified public service and the better use of the human resources available to the federal government. Only as this is done will departments and agencies acquire confidence



in the judgment and competence of their field staffs to the point where they will delegate the authority needed to ensure that the public is adequately served.

In the second category of field operations—the administration of local or regional undertakings—lie such diverse installations as harbours, airports, national parks, and industrial and research establishments. The objectives sought by the federal government in these undertakings, and the extent to which they are given financial support, are matters to be settled by ministers and Parliament. But within the parameters thus established, there can be a general delegation of operating authority. Where the operations are confined to a single locality or region—like those of the Polymer Corporation and the Board of Grain Commissioners, or, among departmental programmes, those of the Prairie Farm Rehabilitation Administration—the entire directing staff may be stationed in the locality or region concerned. However, this will not always be desirable. The need for close association with ministers or with other departments and agencies may be considered to require the maintenance of a headquarters in Ottawa—as is done by the St. Lawrence Seaway Authority, for example—even when operations are concentrated elsewhere.

Where undertakings are widely dispersed across the country—such as harbours, airports and experimental farms—a central controlling organization is necessary, but where this central group can confine itself to the definition of objectives, the measurement of performance, and the selection of local managers, the individual establishments can be given extensive autonomy. They should employ the field components of the general supporting services—for construction, accommodation, purchasing and supply, administrative telecommunications, local recruitment and the like—and in their personnel and financial management they have to accommodate themselves, in varying degrees, to departmental policies and standards. But their day-to-day activities should make little or no demand on the attention of ministers and their senior officials.

For certain of these local undertakings, it may be appropriate to make provision for the expression of local interest in their operations. This is especially true of harbours, airports and the larger national parks. The extent of local representation and the nature of its role will depend on the balance of national and local interest and support in each case. Your Commissioners have noted, in the report in Volume 3 on *Miscellaneous Services*, that the operating record of the harbours operated by local commissions—with federal capital assistance and federal representation on their boards—suggests that this system of combining federal and local interests could

usefully be extended to other major harbours; comparable arrangements would be appropriate for major airports. It was also proposed, in the same report, that the federal government should divest itself, whenever possible, of responsibility for the operation of secondary airports, in which the local interest is clearly dominant.

THE DEPARTMENT OF TRANSPORT AND RELATED OPERATIONS

As was noted in chapter 3, the burdens borne by the Department of Transport have become increasingly heavy in recent years. In the decade from 1952 to 1962, expenditures of the Department increased three-fold from \$77 million to \$234 million. These figures exclude the expenditures of the Air Transport Board, the Board of Transport Commissioners, Canadian Maritime Commission and National Harbours Board, and the deficits of such undertakings as Canadian National Railways and Trans-Canada Air Lines. A breakdown of the departmental figures is given in Table 2, based on the published accounts, and the rate of growth is readily seen in the accompanying chart.

Table 2—DEPARTMENT OF TRANSPORT EXPENDITURES  
(Excluding associated boards, commissions and corporations)

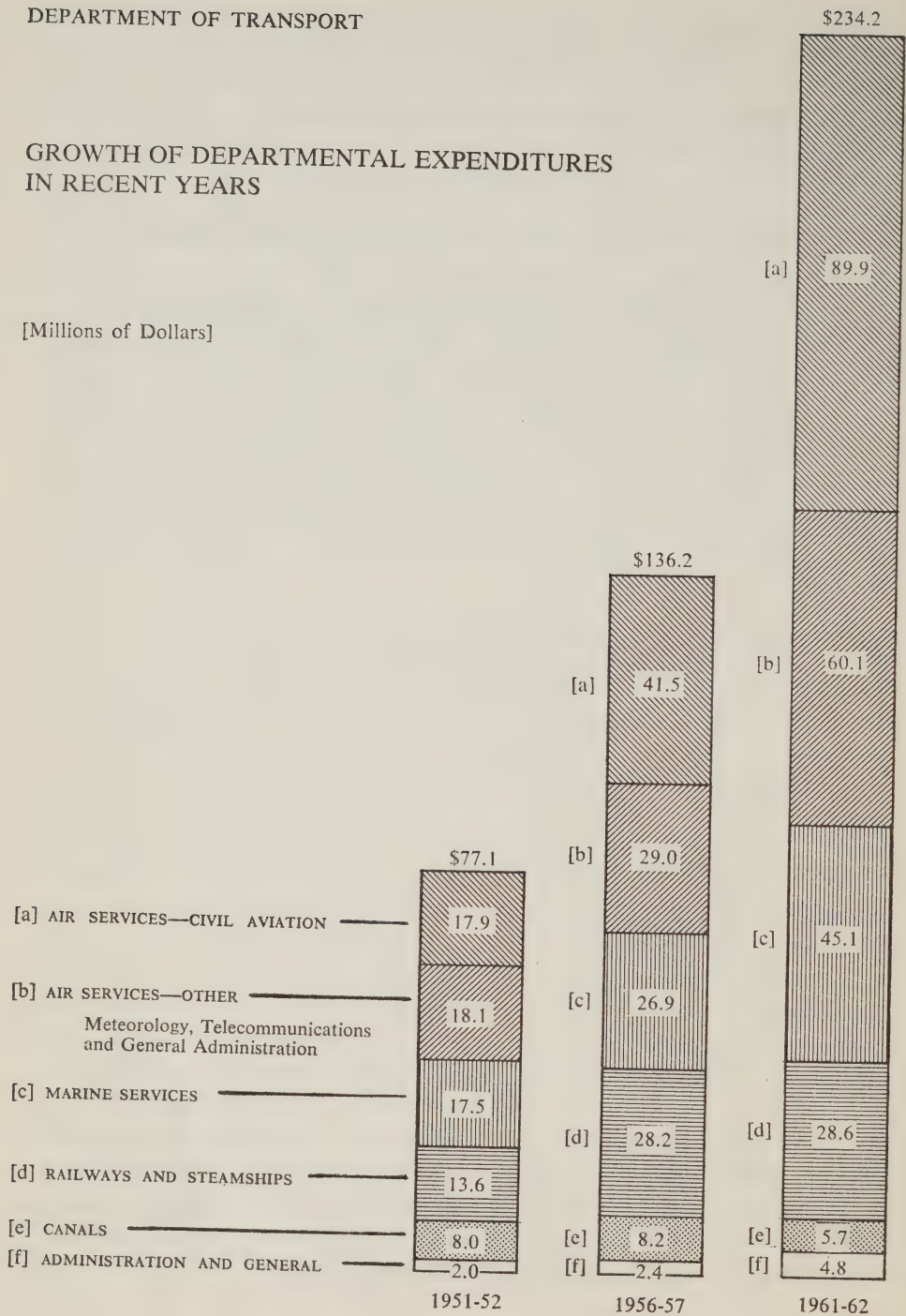
	1951-52	1956-57	1961-62
	\$millions	\$millions	\$millions
Administration and General .....	2.0	2.4	4.8
Air Services			
Administration .....	—	1.9	5.4
Civil Aviation .....	17.9	41.5	89.9
Meteorological .....	6.1	9.2	18.1
Telecommunications .....	12.0	17.9	36.6
Marine Services .....	17.5	26.9	45.1
Railways and Steamships .....	13.6	28.2	28.6
Canals .....	8.0	8.2	5.7
TOTALS .....	77.1	136.2	234.2

As these figures indicate, the principal cause of this growth lies in the spectacular development of civil aviation in Canada, as reflected in the fact that expenditures on civil aviation increased by five times during the ten-year period. Moreover, this rapid expansion of operations has been accompanied by difficult and largely unresolved problems of policy.

DEPARTMENT OF TRANSPORT

GROWTH OF DEPARTMENTAL EXPENDITURES  
IN RECENT YEARS

[Millions of Dollars]





In their magnitude, diversity and complexity, the aviation problems requiring attention are impressive: the future pattern of Canada's air transport industry; the definition and promotion of Canadian interests in relation to international rights; the development, management and financing of airports and of air traffic control systems which must keep abreast of rapidly changing technology and increasing density of traffic; and, looming closer than was foreseen only a few years ago, unfamiliar problems of space technology.

These problems are compounded by the lack of any clear declaration, in the *Aeronautics Act* or elsewhere, of the goals to be pursued by the government. This is particularly evident in the record of expenditures on airport development, which shows—as reported by the Auditor General in his report for 1961/62—a total investment to March 31, 1962 of \$533 million, of which no less than one-tenth, \$53.7 million, represented outlays of the preceding year. Nor is there any prospect of abatement in the rate of airport development. The civil aviation industry is unquestionably of growing importance in the Canadian economy, but this extraordinarily heavy investment in airports does not appear to your Commissioners to represent a calculated response to need based on a clearly developed view of the proper role of the federal government.

Nor are the urgent problems of policy confined to aviation. The problem of coastal shipping policy has assumed new dimensions as a result of the opening of the Great Lakes to deep-sea vessels. Above all, the reports of the recent Royal Commission on Transportation have proposed a radically-changed approach to Canadian transportation policy, which would take accounts of all modes of transportation (including aviation) and relate the development and regulation of transportation services to the general economic growth of the country.

If the Minister and his departmental organization are to cope satisfactorily with these manifold and difficult problems, all practical measures must be taken to reduce their involvement in the ever-increasing operating tasks reflected in the expenditure figures given above.

Several proposals made by your Commissioners will provide some alleviation in the present burden of operations: the assignment to the Department of Public Works, as a common service agency, of responsibility for all construction work for the Department of Transport, the National Harbours Board and the St. Lawrence Seaway Authority, and the transfer of the Meteorological Branch to the Department of Mines and Technical Surveys.

A number of other proposals, however, will add to the duties of the Department of Transport. These include:

- The absorption by the Coast Guard Service of the marine patrol opera-

tions of the Royal Canadian Mounted Police and Department of Fisheries.

- The consolidation of larger vessels and all husbanding facilities of civil departments and agencies under the Department of Transport, together with responsibility for the training of seamen and formulation of government-wide standards for vessel operation.
- The transfer to the Department and its associated agencies of the present responsibilities of the Department of Public Works for dredging and the development of various marine works, including harbour facilities, protective works, dry-docks and canals.
- Assignment to the Minister of Transport of primary responsibility for the development of standards relating to telecommunications and co-ordination of the telecommunication services of the government.

In the light of these proposals, the need for reducing the management task of departmental headquarters becomes the more pressing.

One solution to the difficulty lies in a greater devolution of responsibility for operations. To accomplish this, a variety of methods may be employed, all of which have been foreshadowed in the reports of your Commissioners. For many of the operations involved, a choice of means may be available, each with its own balance of arguments for and against. The final assessment of where the balance of advantage lies, rests of necessity with minister and his deputy, and your Commissioners offer no blueprint for the reorganization of this department any more than for any other.

The most complete measure of devolution lies in the arrangement by which operations are contracted out—a move that has been suggested in various reports for such activities as dredging, the repair and overhaul of departmental aircraft, and the operation of dry-docks and certain grain elevators.

For the extensive operating tasks that cannot be contracted out, your Commissioners' general proposals for the devolution of operations within departments, set forth in the earlier sections of this chapter, will permit substantially greater autonomy of management by departmental components. A further possibility is the assignment to the National Harbours Board and St. Lawrence Seaway Authority of operational duties now borne by or proposed for the department. In particular, such bodies might be given responsibility for the maintenance of navigation channels and marine works in the St. Lawrence system and on the sea coasts. Further devolution of this type might be achieved by the establishment of an airports board comparable in its status and functions with the National Harbours Board.

The Department and the National Harbours Board manage and operate practically all seaports and airports having significance to Canada as a whole. Currently, \$368 million is the value given to the capital assets in the charge of the National Harbours Board, while the capital investment in airports is \$533 million. This represented an increase of \$20 million during 1961-62 in the Harbours Board capital facilities and \$54 million in the investment in airports.

The seaports compete with each other for traffic to a greater degree than do the airports. Moreover, since the Harbours Board was created in 1936 great changes have taken place in transportation practices and needs. Ports which once drew only a minor fraction of their traffic from surrounding areas are now less dependent on grain movements and other traffic from inland sources. The St. Lawrence Seaway has come into being and various secondary ports have become competitors. There is a current risk of imbalance in the investment in harbour facilities, with too many becoming deficit operations.

The Department of Transport classifies sixteen of its airports as major operations. These produce 85 per cent of the total airport income of the Department. Their income suffices to defray operating costs before taking into calculation provision for depreciation (\$7 million), or any return on the capital investment of \$226 million in them.

Control of the seaports and airports now under review is centralized in Ottawa. This results in criticisms of standards adopted for capital works—too lavish to be economic but short of what local pride demands—of services provided, and of charges therefor. Internationally, the trend is to decentralize administration of harbours and airports, thus passing responsibility for capital and service standards to either municipal authorities or to local bodies created for the purpose. The geography of Canada being what it is, your Commissioners are of opinion that the aim should be to foster local pride and promote local participation, and to arrange that standards of works and services be such as to permit charges that are fair and reasonable.

#### CO-ORDINATION OF OPERATIONS

Because of the wide variation in operating tasks, there can be no general uniformity of field organization among departments and agencies. At one extreme, the Post Office must serve the public at hundreds of points through the country. At the other extreme, agencies like the National Capital Commission operate in a single locality. The number and size of field offices, their location and the boundaries of their administrative jurisdictions must be governed by the job to be done—the public to be served, or the works and establishments to be managed or supported. There can be no uniform pat-



tern of administrative areas, and it is not practical to designate selected cities as local centres of federal administration throughout the country.

Even within a single department, different programmes often require radically different patterns in the field. Departments may, of course, co-ordinate their field establishments within the limits imposed by operational necessity. The Department of Public Works, for example, which now has four separate field organizations, assigns certain general administrative responsibilities to the senior officer in each region or district; it can do so, however, only because a single system of regions and districts is satisfactory for all its operations. The Department of Transport, on the other hand, must fix very different regional boundaries for its Air Services and Marine Services; within each service, moreover, there is no local grouping of activities below this level although regional directors have a general responsibility.

What appears to be the least co-ordinated of all field organizations is that of the Department of Agriculture, in which, for example, six divisions of a single branch, Production and Marketing, have separate field organizations; the Health of Animals Division has two separate field networks of inspection offices and laboratories; the Transportation, Storage and Retail Inspection Service has its own field organization; more than sixty laboratories and experimental farms are separately controlled from Ottawa. Even when district offices of the Department are housed together, there are generally no administrative links among them. For example, six separate units of the Production and Marketing Branch occupy contiguous suites of offices in the Federal Building in London, Ontario, each with its own telephone number listed separately, and with no sharing of office staffs. Such excessive fragmentation of field operations is inefficient.

No all-embracing integration is possible, even on a departmental basis. In some cases, a strengthening of the devolution of responsibility to operating branches and units, as proposed in the first half of this chapter, may rule out any unity of command below the level of departmental headquarters. This does not mean, however, that co-ordination of operations is either undesirable or impossible. On the contrary, a failure to co-ordinate may in some cases impair the quality of services rendered to the public, and will almost certainly entail waste.

The first of these consequences, the impairment of services, is likely to occur when different aspects of a general public need are met by separate federal departments or within a single department by branches that are inadequately co-ordinated. For purposes of economy in administration and to make the best use of expert staff, organization tends to be based on the various services to be rendered rather than the clientele to be served—with

such exceptions as the veterans. But against the administrative attractions of this principle of organization must be weighed the possible inconvenience and cost to the public.

The frustrating experience of having to take problems piecemeal to a number of separate offices is a recurring complaint of the public. In its simplest form the question of convenience to the public can be seen at border entry points, in the need for combining the more routine activities of customs and immigration officers. The duplication of payroll audits by income tax and unemployment insurance authorities provides another illustration. The lack or co-ordination among related services in the field is aggravated, of course, if the several planning and directing organizations in Ottawa are themselves inadequately co-ordinated.

This particular problem is further complicated in Canada by the division of powers between the federal and provincial authorities, and is partly responsible for the recent growth of federal-provincial co-operative arrangements. It reinforces your Commissioners' view that where the federal authorities accept a residual responsibility in an area in which the provinces have a primary and more general concern—for example, health, welfare and education—the federal need should when possible be met by the use, on mutually acceptable terms, of provincial machinery.

Even when this is done, co-ordination among related units of the federal administration is still necessary. Two instances in which improvement is needed have been identified in the course of our inquiry, in the administration of welfare programmes. First, although three federal-provincial welfare schemes are handled in a single division of the Welfare Branch of the Department of National Health and Welfare—Old Age Assistance, Blind Persons and Disabled Persons Allowances—a fourth programme of the same character, Unemployment Assistance, is administered by a separate Division. The four programmes are closely interrelated and your Commissioners propose that the two Divisions be merged. The second case involves the rehabilitation programmes of the Welfare Branch and the Department of Labour, both of which are designed to encourage and support provincial services. The terms of the *Vocational Rehabilitation of Disabled Persons Act* of 1961 already call for close co-operation between the two federal ministers in implementing this programme. At the provincial end, the rehabilitation services are administered by departments of either health or welfare—not by the provincial departments of labour. Moreover, the medical aspects of rehabilitation, so far as the federal government is involved, are the responsibility of the National Health Branch. For these reasons, it is recommended that the Civilian Rehabilitation Branch of the Department of

Labour be moved to the Welfare Branch of the Department of National Health and Welfare.

The second consequence of failure to co-ordinate operations—the damage to efficiency—is apparent throughout the reports on “Supporting Services for Government” in the second volume. In each of these reports your Commissioners have identified wasteful and frustrating defects in field administration: in construction, accommodation and real property management, in purchasing and warehousing, in traffic management, local transportation services and vehicle, ship and aircraft maintenance, in local telecommunications and in legal services throughout the country. Invariably, the fault has been found to lie in the lack of co-ordination.

As was noted in volume 2, there is no single solution to these problems of co-ordination. But the existing inefficiency should be largely removed by the specific measures recommended throughout the reports concerned. To these might be added the proposed redefinition of functions for the Comptroller of the Treasury (the Accountant-General): the operation of regional data-processing centres, the rationalization of the field organization for cheque issue and (as required by departments and agencies) for the keeping of accounts required by field units of the various departments and agencies.

There is also need to co-ordinate more closely the field operations of the supporting services themselves: the Civil Service Commission, the Departments of Public Works and of Purchasing and Supply, the Accountant-General's organization, and the legal staffs of the Department of Justice. The basis of field organization must be the same for these as for other federal units: their operational tasks, and especially the needs of those to whom service must be rendered. But for these activities the users of the service are to a large extent identical. There will, of course, be some variations: for example, the Department of Purchasing and Supply and the Accountant-General's staff will have heavy responsibilities relating to establishments of the Armed Forces, the Civil Service Commission and the Department of Public Works will be much less involved with such units and the Department of Justice not at all. Moreover, some of these services may require greater dispersion of field offices than others; legal staffs are needed only in major cities and major construction activities should be decentralized on the basis of large regional groupings, but recruitment, accommodation, and purchasing and supply require a larger number of smaller districts. Subject to these qualifications, however, the goal should be that field units of the federal government look to one local centre for all the supporting services they need.

In fact, such a goal is by no means remote: it is significant that among the sixteen district offices of the Civil Service Commission, the fourteen



district offices of Defence Production (Purchasing and Supply) and the twenty-one regional and district offices of Public Works, thirteen locations are common to all three organizations: St. John's, Halifax, Saint John, Quebec, Montreal, Ottawa, Toronto, London, Winnipeg, Regina, Edmonton, Vancouver and Victoria.

A third consequence of the fragmentation of operations has been to inhibit the development, among the 150,000 public servants in the field, of a sense of membership in a single federal service. In London, Ontario, for example, 48 units of 23 departments and agencies (excluding the Armed Forces and Crown-owned commercial undertakings), employing some 3,700 people, lead largely independent existences scattered over 17 separate buildings. The same conditions hold true in all the major centres of Canada, and countless groups in smaller communities are virtually isolated from the rest of the federal public service. The sharing of resources, and transfers of employees from one field unit to another in the same locality are almost unknown. In these circumstances, public servants throughout the country may fail to recognize that in dealing with the public and its problems they are part of something larger than the group in which they work or the branch immediately responsible for their operations. Lack of this sense almost inevitably impairs the quality of service rendered.

The country-wide organization of the Civil Service Commission may offer a means of mitigating the fragmentation of the federal service in the field. The responsibilities of this organization are in no sense managerial. Its primary function in the field is to provide services to the operating units with no powers of control in matters of management. But in the course of providing recruiting and training services for all federal offices in their areas, the district representatives of the Civil Service Commission could bring the various field units together to identify and discuss those matters that are of common concern to them as federal public administrators. The practicality and benefit of this have already been shown in at least one locality.

In short, without seeking to impose an unworkable uniformity on the field organization of departments and agencies, or to interfere with the proper lines of authority and responsibility, much can be done to co-ordinate federal activities throughout Canada. As this is done, benefit will accrue in the form of better service, more efficient administration and a more cohesive public service.

# 6

## GOVERNMENT AND THE PUBLIC

Because government is often burdensome and restrictive it can seldom be viewed as better than a necessary evil. Against this must be set the fact that government can also be a liberating, enriching and productive force in the community. For all Canadians, the federal government in some measure creates and enlarges the opportunities for health, for material prosperity, for the fuller development of personal capacity and for the enrichment of life.

What may be overlooked, however, is that *all* government action, whether restrictive or liberating and no matter how beneficent in purpose, rests on the concentration and exercise of power—the ability to subject the citizen to a will other than his own, by the promise of rewards or the threat of penalties. “All power tends to corrupt”, wrote Lord Acton, “and absolute power corrupts absolutely”. Fortunately for Canadians, absolute power cannot exist in a constitutional democracy as we know it. But the tendency nonetheless exists, and because of it, government is likely to be distrusted.

Thus, a report on the organization and methods of operation of the Government of Canada must be concerned, ultimately, with power and the means of ensuring that it is exercised responsibly. The greatest safeguard—falling beyond the terms of reference of this Royal Commission—lies in the constitutional traditions and democratic processes which ensure to Canadians the right and power to compel respect for their wishes by those whom they elect.

However, permanent officials are also participants in the exercise of power, rather than mere instruments through which it is wielded by ministers.

As government grows and penetrates more deeply into the life of the country, there is a steady accretion in the public servants' share of power with each new increment of discretionary authority to grant or withhold benefits, to impose or waive restraints. But there is, for officials, no retribution at the polls for the misuse of their derived authority. If the machinery of government is to be responsible, at all levels, to the public will, there must be workable safeguards against the irresponsibility of officials no less than against the more remote danger of unbridled ministerial power. Only if such safeguards exist can public distrust be allayed.

This has been an underlying aim throughout these reports. In pursuing this aim, three objects have been sought.

The first object has been to devise machinery of government that will respond, quickly and effectively, to the public interest as it finds expression through the political process. This means, above all else, that the vital role of ministers must be recognized and assured, both in their collective aspect as the group possessing the confidence of Parliament and the right to advise the Crown, and in their individual capacities as the responsible heads of the administrative branches. To attain this goal, a new concept of management has been proposed based on the clearer definition of authority and responsibility, to give to ministers and by proper devolution to their officers, powers commensurate with their several tasks, and to exact an accountability commensurate with their powers.

Second, a need has been recognized to foster confidence and respect between the public at large and those by whom it is served throughout Canada. This is not merely a matter of public relations, of banishing the queue at the unattended wicket and the surly manner at the attended wicket—these are not the illness but its symptoms. In part, it involves a responsiveness to public claims for information and explanations. But beyond this, what is needed is a public service that identifies itself with the community it serves and of which it forms a part—and with which the public itself can feel a sense of identity. It is to this end and in this spirit that we have written of a “representative bureaucracy”: a public service that seems to all Canadians, in all walks of life and of both languages, to reflect adequately their attitudes and aspirations. Hence, too, the need for a constant flow of ideas and people between the federal public service and the community—business, the professions and other public authorities; and for the enlistment of private citizens both to pool their special skills and knowledge with those of public servants and to give independent judgment in advisory bodies.

Third, there must be recognition by the federal administration of the essential role that other governments and the myriad non-governmental organ-



izations—economic, social and cultural—play in the community. Thus, in meeting its own need for goods and services, and in supplying those of the public within the limits of its responsibilities, the federal government should make use wherever practicable of such other agencies and thereby strengthen them and enhance their sense of participation in the pursuit of common aims.

Such, then, have been the objects sought in these reports. Your Commissioners have observed, however, that the growth and increasing complexity of government that have given rise to the problems of organization with which this Royal Commission has been concerned, may well create new problems of accountability to the public and their elected representatives. Ministers tend, of necessity, to become increasingly remote from the operating levels of the government—the eye-level of the public. Correspondingly, the subordinate officer must reach up through more and more levels of organization to seek authority and direction.

In addition, because of the growing need for ministerial attention to the difficult problems of policy and the general direction and co-ordination of its execution, the public's recourse to ministers for the review of official acts and redress of minor grievances become less satisfactory. Moreover, because the minister is held politically accountable for all actions of his subordinates and it is the practice in party strife to make issues of such matters—however trivial—the minister may too often be impelled to defend official conduct when the real need is for a remedy. On questions of policy, public and parliamentary recourse to ministers is appropriate and necessary. But when what is at issue is a complaint relating to administration in the public service, more effective channels for public and parliamentary challenge may be devised.

To weigh the urgency of these problems, and, if need be, to devise solutions are the tasks of others. Your Commissioners wish only to suggest that, should new safeguards be judged necessary, they may be sought in all three of the historic branches of government. First, the role of the courts in checking the excess of official powers and in providing redress of official wrongs against the subject, may repay examination. Second, in the executive branch itself, there may be greater opportunity for the use of formal processes of inquiry, in which the principles of natural justice are observed, either in reaching or in reviewing administrative decisions that affect the rights and obligations of the citizen.

The third course lies in Parliament itself. Procedures might be developed for the closer scrutiny of statutory instruments—the orders in council and regulations by which statutory powers are elaborated and applied. Your Commissioners have also noted the growing interest throughout other parliamentary countries in the office of parliamentary commissioner, modelled, with

variations, on the long-established Swedish Ombudsman. The notable success with which this office has been adapted to the needs of the Parliament of Denmark, the recent report by a group of eminent jurists in the United Kingdom, the enactment of legislation to establish a Parliamentary Commissioner in New Zealand, and the creation of machinery for a similar purpose in the United States, all suggest that the Parliament of Canada may find here a means of bettering its defence against administrative defects in the public service.

It is commonly said that the public gets the government it deserves. Certainly, the principal causes of waste and inefficiency in government—whether in the form of the misuse of public funds, or of cumbersome organization and costly procedures—must be sought not only within the machinery of government but in the community as well. Often, it seems, the fault lies among those who decry the waste and inefficiency of government most loudly and most indiscriminately: the tax-evader, the fraudulent claimant of benefits, the unscrupulous contractor, the job-seeker or would-be supplier trying to substitute influence for merit.

The public sometimes enjoys better government than it is entitled to expect, because of the integrity, intelligence and devotion of its public servants, both elected and appointed. One thing is certain: there can be no perfect government in this world of imperfect men. And as long as the public domain is regarded by some as a happy hunting ground, protective measures will be needed. Your Commissioners have therefore sought, in their plan for the management of the public service, to provide such safeguards in ways that minimize the cost to the public and the frustrations of those who must make the machinery of government work.

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The foregoing paragraph marks the end of the reports your Commissioners were directed to make on ways and means of promoting efficiency, economy and improved service in the dispatch of public business in departments and agencies of the federal government. However, our submissions would not be complete without referring to the constructive aid rendered by many during the course of this inquiry which has been somewhat unique in that no public hearings were held.

First, we are indebted to the officers and members of the public service who met us more than half-way in the conduct of this inquiry. We commenced our task believing that Canada had a strong and able civil service;

we conclude our studies with that view amply confirmed. Many observations in the reports are critical, some severely so, but these strictures relate almost universally to the systems and forms of organization we have encountered rather than the performance of individual public servants.

Second, each report is prefaced with an acknowledgement of the services of those who have assisted the Commission in its work, coupled with a statement disassociating those named from the findings and conclusions. None of the reports could have been made but for the skill and diligence of the various Project Directors and those who served with them. Nor would your Commissioners have put forward their recommendations with the same feeling of confidence had not the findings been closely scrutinized by those who served as members of the numerous Advisory Committees. In reaching final conclusions, however, your Commissioners have frequently had the task of harmonizing the recommendations relating to several areas of the studies, with the result that we have sometimes gone beyond, and sometimes stopped short of what individual research staffs came to consider the optimum solution.

In a survey of such broad dimensions there has been a constant risk that, in striving for reasonable brevity in reporting, the final text might imperfectly reflect the conditions found to exist and thus give offense to those who composed a project group, members of advisory committees and those departmental officials having an immediate interest. For these reasons it seemed appropriate for your Commissioners personally to accept complete responsibility for the final document, to absolve all others of responsibility and to arrange, wherever necessary, that supplementary data be provided to those concerned with implementing recommendations. Fortunately the number of instances where these problems have arisen is far less than we anticipated as inevitable because of the pressure of time and the multiplicity of factors to be taken into consideration.

Finally, your Commissioners are deeply indebted to those who organized the inquiry, marshalled the material, made translations and performed all those services associated with publication. The list is a long one and includes both the staff of the Commission and of several departments. It would be difficult to name all those whose contribution was significant, but we feel certain that all who participated in the work of this inquiry are aware of our lasting obligation to:

Ronald S. Ritchie, M.A., now Executive Assistant to the Board of Directors, *Imperial Oil Limited*, who acted as Executive Director;

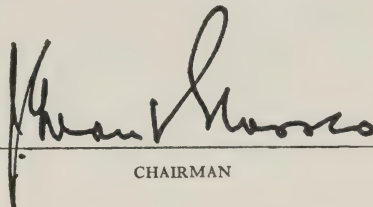
Frank A. Milligan, M.A., now an officer of the Privy Council, who was loaned by the *Minister of Defence Production* to act as Research Director;



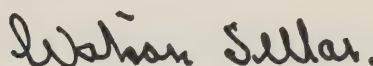
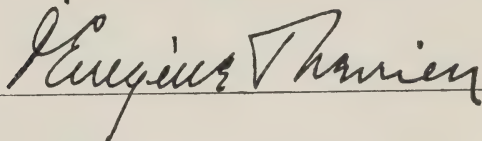
Professor J. E. Hodgetts, PH.D., of *Queen's University*, who acted as Editorial Director; and

R. J. Grenier, M.A., now associated with The Ford Foundation who was loaned by the *Minister of Public Works* to act as Executive Secretary.

All of which is respectfully submitted.



CHAIRMAN



Ottawa, 28 February, 1963



APPENDIX

SUMMARY OF PROPOSALS FOR REORGANIZATION





## SUMMARY OF PROPOSALS FOR REORGANIZATION

The recommendations made as a result of this inquiry fall into two categories: those proposing a change in the pattern of organization or the assignment of responsibilities, and those proposing the adoption of new or revised operating techniques. The following summary deals with only the first category—the recommendations that relate directly to the concept advanced in this final report for the organization of the Government of Canada.

### RECOMMENDATIONS OF GENERAL IMPORT

#### *The Plan for Management*

In the first volume of reports your Commissioners submit a plan for the management of the public service which is a prerequisite to many of the subsequent recommendations for the reorganization of departments and agencies or the redefinition of functions. The proposal of this new plan is prompted by the finding that administration in the federal government is hobbled by a well-intentioned but ill-conceived apparatus of controls built up since the first World War to prevent the misuse of personnel and public money. These controls deny to operating departments the authority needed to be efficient, weaken their sense of responsibility and inhibit the development of effective management methods. It is concluded that departments should, within clearly defined terms of reference, be fully accountable for the organization and execution of their programmes, and enjoy powers commensurate with their accountability.

This view is reflected in specific recommendations contained in the reports on *Financial Management* and *Personnel Management*. It is recommended that departments and agencies be given the necessary authority and be held responsible for the management of money and staff—with greater powers to contract, to authorize payments, and especially to select, classify, train, promote and discipline their personnel. In the process, the Civil Service Commission and the Comptroller of the Treasury would be divested of various controlling powers they now possess, and much of the scrutiny by the Treasury Board of the details of departmental administration would be discontinued. In the report on *Paperwork and Systems Management* it is concluded that an energetic programme of administrative improvement is needed.

To equip departments for their increased responsibilities, financial and personnel staffs must be strengthened and strong groups formed to conduct continuous programmes for the improvement of organization and methods. Above all, permanent heads of departments must accept greater responsibility for the day-to-day conduct of their organizations, and develop adequate systems for internal audit, the reporting of performance, and the appraisal and development of their staffs. Departments should be charged for major services which they now receive free from other agencies, and departmental budgets and accounts should be prepared in a manner which permits assessment of performance.

The enlarged powers of departments are subject to two qualifications. First, there must be improved machinery for providing central direction, to ensure a proper balance of effort and consistency of standards among departments. Second, there must be safeguards against abuse in the employment of staff and spending of public money.

Central direction of the Executive branch is ultimately the responsibility of the Cabinet. The Treasury Board, as the committee of Cabinet through which this responsibility is normally discharged, needs to be improved by a redefinition of functions and a strengthening of its membership. It is recommended that the Board be given a presiding minister who would be free of responsibility for the direction of a department; that the position of Secretary be given the status of a senior deputy minister; and that the staff consist of officials who have demonstrated competence in operating departments. The new Board should divest itself of much of the detailed control now exercised, and concentrate on the essential functions of administrative co-ordination and leadership: balancing programmes and defining priorities, setting general standards, assessing the performance of departments, ensuring a proper development and distribution of managerial ability throughout the public service, and adapting the machinery of government to changing needs. The staff should



contain three elements concerned with the co-ordination of programmes, the formulation of personnel policies and standards, and the promotion of improved administrative systems throughout the public service.

The most important single new function proposed for the Treasury Board is considered to be the duty of ensuring that all departments and agencies have senior officers equal to their tasks. This will involve greater rotation of senior administrators among departments. Appointments to such positions, including those of the chief financial officer and chief personnel officer in each department, should require the concurrence of the Board.

Within departments, there must be recognition of the need for systematic and effective appraisal, training and career development of departmental personnel. Methods must be adopted, building on the best practices already developed elsewhere, to meet this need. Only as this is done can there be any real assurance—now conspicuously lacking—that the capabilities of all public servants are properly recognized, developed and rewarded.

In order that the federal government may serve the two language groups equally, it is recommended that special efforts be made to increase the extent of bilingualism among public servants. Moreover, the public service is not attracting and retaining enough highly qualified employees from French Canada, and it is recommended that greater attention be paid to the complex reasons for this deficiency.

The central accounting needs of the government would continue to be met by the Comptroller of the Treasury—more suitably called the Accountant-General—who could also provide related services for which departments have a common need, but with no power of control. In the light of his accounting duties, the Accountant-General might appropriately be given the task of operating an automatic data processing centre in Ottawa to serve the needs of departments and agencies, and such regional centres as may be warranted by the requirements of field establishments.

Established safeguards relating to financial and personnel administration would be continued. The functions of the Auditor General, as an officer of Parliament, would be unimpaired. The Civil Service Commission should continue to discharge those personnel functions requiring independence from executive authority: it should certify all initial appointments to the public service to ensure that selection is based on competence; it should be the final point of appeal by public servants on all grievances involving disciplinary matters; and it should conduct pay research independent of both management and staff, including the wage comparisons made by the Department of Labour in respect of employees now exempt from the *Civil Service Act*. The Commission should also continue to provide a common recruiting service throughout

Canada, except where the Treasury Board decides that administrative convenience warrants direct recruitment by departments and agencies. In addition, the Commission should provide training facilities to meet common needs. With the transfer of personnel management functions to the departments and Treasury Board, it will be possible to extend the remaining jurisdiction of the Civil Service Commission to a number of agencies that are now independent of it.

### *Supporting Services*

With the strengthening of departmental authority it is recommended that there be a more effective organization of specialized departments and agencies to provide the supporting services where a common need exists. Specific proposals to this end are submitted in the reports in the series "Supporting Services for Government", and these are summarized in the next section of this Appendix. Underlying these proposals are certain common principles:

- First, within the limits of any general standards applicable to the government as a whole, the user department should define its needs and bear the cost of the services received. Only in this way can those charged with the administration of government programmes be held fully responsible for their performance.
- Second, organizations providing supporting services should exercise no control over the users, except within the strict limits of any responsibility laid on them for applying special consideration of public policy.
- Third, the enunciation of any general standards for the guidance of users and service organizations is a collective function of ministers, to be exercised generally through the Treasury Board; the performance of all departments and agencies against standards should therefore be assessed under the direction of the Treasury Board.
- Fourth, it is appropriate that service organizations be consulted by the Treasury Board for technical guidance in the framing of relevant policies and standards.
- Fifth, to ensure that service organizations do not become inbred and complacent, or unresponsive to the need of users, the senior management should form part of the general rotational programme for the top levels of the public service, and close attention should be paid to the career development and training of specialist personnel.
- Sixth, the organization of each supporting service should be designed to meet the needs of its clientele, decentralized as may be required to ensure that all users can be served promptly and effectively throughout the country.

In addition, it is recommended in the final report contained in the present volume, that, as far as circumstances permit, the field organization of these common service departments and agencies should be so designed that each field unit of the federal government can look to one local centre for all such needs.

Further implications of the new plan of management are developed in this final report. Adoption of the plan, it is concluded, will restore to the departmental form of organization the full flexibility and responsiveness which makes it so ideally suited to the needs of government, and will thus permit the assimilation to departmental status of many of the boards, commissions and corporations created in recent decades as a means of evading the controls to which departments are subject.

When this is done, two clearly-defined non-departmental forms will remain. The first of these is found among the public trusts, directed by boards of management. Recommendations are submitted in the foregoing report to clarify the relationship of these organizations with ministers. The other group includes the licencing, regulatory and adjudicative boards and tribunals, and it is recommended that a full review be made of the status, form and procedures of such bodies.

#### SPECIFIC PROPOSALS FOR RE-ORGANIZATION

Within the general pattern of administration outlined above, a number of proposals are submitted for specific re-definitions of functions or re-allocations of responsibilities. These recommendations involve, in each case, the addition of functions to or the change in status of an existing department or agency, or the transfer of duties from one existing organization to another—except in relation to one matter, the direction of scientific research. Under the latter heading, the findings indicate an organizational need for which there exists no unit that can be adapted to the purpose. The relevant recommendations in this regard are therefore summarized first, followed by a listing, by department and agency, of other proposals of significance to the organization of the federal government.

##### *The Direction of Scientific Research*

1. The proposed President of the Treasury Board be designated as the Minister responsible for the scientific policy of the country and the co-ordination of existing facilities in the field of research and development.

Vol. 4, p. 224



2. A Central Scientific Bureau be established to act as a science secretariat to the Cabinet under an officer to be known as the Scientific Secretary, reporting to the proposed President of the Treasury Board.

Vol. 4, p. 224

3. A National Scientific Advisory Council be established, with membership drawn from the scientific disciplines, the universities, industry and the community at large, to review and submit independent advice with respect to national scientific policy.

Vol. 4, p. 224

4. The Scientific Secretary act as secretary and the Central Scientific Bureau serve as a secretariat for the National Scientific Advisory Council.

Vol. 4, p. 224

5. Co-ordination of official scientific activities abroad should be a responsibility of the proposed Central Scientific Bureau, with the aid of the Department of External Affairs and the National Research Council.

Vol. 4, p. 295

#### *Bank of Canada*

*See:*

Industrial Development Bank.

#### *Canadian Broadcasting Corporation*

1. The national function of programme control and the management of the networks be divorced from the management of local broadcasting in Montreal and Toronto, and brought under more effective direction by headquarters.

Vol. 4, p. 44

2. Ancillary operations—administrative, technical and supporting services—be redistributed on a more rational basis both at headquarters and throughout the organization, with an extensive decentralization to the regions.

Vol. 4, pp. 39-40

3. Commercial exploitation of programmes be divorced from regional and network broadcasting management at all centres, under a General Sales manager.

Vol. 4, p. 47

#### *Canadian Commercial Corporation*

- The legal identity of the Canadian Commercial Corporation be maintained, but its management and staff be provided by the Department of Defence Production (Purchasing and Supply).

Vol. 5, p. 67

### *Central Mortgage and Housing Corporation*

*See:*

- Department of Finance, recommendation No. 4.
- Department of Veterans Affairs.

### *Crown Assets Disposal Corporation*

1. Crown Assets Disposal Corporation be operated as a division of the proposed Department of Purchasing and Supply and its personnel and methods of operation be integrated as closely as possible with other functions of the Department. Vol. 2, p. 142
2. The employment of Crown Assets Disposal Corporation in the disposal of surplus real property be discontinued. Vol. 2, p. 36

*See also:*

- Department of Public Works, recommendation No. 8.

### *Defence Construction (1951) Limited*

- The personnel and functions of Defence Construction (1951) Limited be transferred to the Department of National Defence and, unless there is continuing need for a separate corporate body, its charter be surrendered. Vol. 2, p. 64

### *Department of Agriculture*

1. All research supported by the Department of Agriculture be administered by the Research Branch. Vol. 4, p. 239
2. Regional laboratories be formed by consolidating present research units; they should be few in number and located in academic and research environments, and should supervise sub-stations and other units designed for applied research and development. Vol. 4, p. 241
3. A development section be set up to ensure that research results of economic significance are carried to the point of commercial acceptance. Vol. 4, p. 241

### *Department of Citizenship and Immigration*

1. The Indian Affairs Branch be transferred to either the Department of National Health and Welfare or the Department of Northern Affairs and National Resources. Vol. 5, p. 47

2. The operation of the passport office be assumed by the Department of Citizenship and Immigration as agent for the Department of External Affairs and consideration be given to the acceptance of passport applications in the principal cities of Canada.

Vol. 4, p. 143

*See also:*

Department of Northern Affairs and National Resources, recommendation No. 4.

*Department of Defence Production*

1. A central purchasing agency be established to serve all departments and agencies (civilian and military) of the federal government, other than the commercially oriented Crown Corporations.
2. To this end, the existing Department of Defence Production be renamed the Department of Purchasing and Supply, and its responsibilities be extended to include procurement for civilian departments and agencies.
3. The Department of Purchasing and Supply be given responsibility to develop, in conjunction with user departments and agencies, standard specifications for all appropriate items and to assume the functions of the Canadian Government Specifications Board, including representation on the Directorate of Interservice Development of the Department of National Defence.
4. Responsibility for the procurement of office machines, stationery and forms, and the servicing of office equipment, be transferred to the proposed Department of Purchasing and Supply.
5. The Department of Purchasing and Supply develop warehousing, stocking and materials-handling services across Canada for all departments, other than the Department of National Defence.
6. A Traffic Advisory Group be established within the Department of Purchasing and Supply, to compile data on the movement of supplies and equipment to or within the federal government, and assess the utility of central management for this traffic (excluding movements within the military supply system); to negotiate with carriers to obtain suitable rates for government traffic not entitled to the military stores rates; and to advise the civil departments and the Treasury Board on traffic matters.

Vol. 2, p. 162



*See also:*

Canadian Commercial Corporation.

Crown Assets Disposal Corporation, recommendation No. 1.

Department of National Defence, recommendation No. 7.

Department of Public Printing and Stationery, recommendation No. 5.

*Department of External Affairs*

1. The operations of the Department in the political field be placed under a deputy under-secretary of state (political) and all administrative and supporting services be provided under the direction of a deputy under-secretary of state (administrative).  
Vol. 4, p. 140
2. At posts abroad, the Head of Post be made responsible for the supervision and co-ordination of all activities of civil departments and agencies of the Government of Canada.  
Vol. 4, p. 143
3. A strengthened Legal Division of the Department of External Affairs assume responsibility for co-ordinating the international legal work of departments and agencies and provide the expert assistance required on such matter as treaty negotiation.  
Vol. 2, pp. 416-7
4. The Information Division and Liaison Services of the Department of External Affairs be reorganized under a senior officer responsible to the Under-Secretary, this officer to serve as chairman of the Interdepartmental Committee on Information Services Abroad with responsibility for its re-invigoration.  
Vol. 3, p. 82
5. Either the travel section within the Department of External Affairs be reorganized to serve as a central agency for arranging overseas travel for all members of the public service or a travel agency be retained to provide this service.  
Vol. 2, p. 165
6. The Department of External Affairs be responsible for providing (at cost) teletype service to points outside Canada for all departments and agencies, other than those served by their own special systems.  
Vol. 2, p. 246

*See also:*

Department of Citizenship and Immigration, recommendation No. 2.

Department of National Defence, recommendation No. 8.

### *Department of Finance*

1. The Department of Finance undertake the conduct of central economic analysis for the purpose of aiding the development and co-ordination of general economic policy. Vol. 3, p. 33
2. The Federal-Provincial Relations Division be given responsibility for reviewing federal-provincial consultative and co-operative arrangements generally; for stimulating federal initiatives in areas where existing arrangements appear inadequate; for formulating general principles for the removal of existing anomalies and to guide future federal initiatives; and for advising departments and the Treasury Board on the possible use of provincial machinery to meet federal needs. Vol. 3, p. 130
3. The Minister of Finance be charged with continuing responsibility for the financial co-ordination of all programmes of lending, guaranteeing and insuring which provide financial assistance for the public. Vol. 3, p. 280
4. Responsibility for the administration of the Home Improvement Loans programmes be transferred to the Department of Finance. Vol. 3, p. 285
5. The administration of all statutory superannuation plans be undertaken by the Department of Finance, with record-keeping the responsibility of the Accountant General. Vol. 3, p. 293
6. The Minister of Finance, with the advice of the senior actuary of the government, be empowered to require actuarial investigations in any case where, in the Minister's opinion, current provision for future liabilities may be inadequate. Vol. 3, p. 297

*See also:*

Industrial Development Bank.

### *Department of Fisheries*

1. The areas of research now assigned to branches of the Department of Fisheries and to the Fisheries Research Board be brought under a single Research Branch of the Department. Vol. 4, p. 243
2. The Fisheries Research Board, renamed the Fisheries Research Advisory Board, assume an advisory role and maintain a continuing scrutiny of all programmes of fishery research. Vol. 4, p. 243

3. The Wildlife Service, with the addition of the Zoology unit from the National Museum, be transferred to the Department of Fisheries.

Vol. 4, p. 248

*See also:*

Department of Transport, recommendation No. 1.

#### *Department of Insurance*

- The Department of Insurance be required to develop a comprehensive plan for initial and periodic examination of all programmes giving rise to liabilities, the ascertainment of which requires the application of actuarial science; the approval of this plan and its implementation be the responsibility of the Treasury Board.

Vol. 3, p. 297

#### *Department of Justice*

1. The Department of Justice assume responsibility for an integrated legal service embracing all legal staffs of departments and agencies, excluding the Judge Advocate General's staff, the Legal Division of the Department of External Affairs other than the General Counsel, the "Assessment Solicitors" in the Department of National Revenue (Taxation), the Pensions Advocates in the Department of Veterans Affairs, and the legal duties performed by members of the Royal Canadian Mounted Police.

Vol. 2, p. 421

2. Consideration be given to establishing branch legal offices of the Department of Justice in centres across Canada where the volume of work justifies such action.

Vol. 2, p. 421

3. A Department of Justice legal officer be posted, on a rotational basis, in each of the Northern Territories.

Vol. 2, p. 421

#### *Department of Labour*

*See:*

Department of National Health and Welfare, recommendation No. 8.

#### *Department of Mines and Technical Surveys*

1. The responsibilities of the Minister of Northern Affairs and National Resources relating to water resources be transferred to the Minister of Mines and Technical Surveys.

Vol. 5, p. 49



2. The Meteorological Branch of the Department of Transport be transferred to the Department of Mines and Technical Surveys.

Vol. 5, p. 49

*See also:*

National Research Council.

### *Department of National Defence*

1. The Deputy Minister of National Defence be given greater responsibility for keeping under review the organization and administrative methods of the Canadian defence establishment, and assisting and advising the Minister in the discharge of his responsibility for the control and management of the Armed Forces.  
Vol. 4, p. 77
2. Provision be made for the exercise by the Chairman, Chiefs of Staff, of the ministerial power of direction over the Armed Forces, within such limits as the Minister may define.  
Vol. 4, p. 74
3. The Chairman, Chiefs of Staff be given the "control and administration" of such elements common to two or more Services as the Minister may designate.  
Vol. 4, p. 74
4. In recognition of the change of status implicit in these proposals, the title of the Chairman, Chiefs of Staff be altered to "Chief of Canadian Defence Staffs".  
Vol. 4, p. 74
5. A real property organization or bureau be established under the supervision of the Deputy Minister of National Defence to manage the acquisition, construction and operation of real property of the classes now within the control of the Department and the Armed Services.  
Vol. 2, p. 64
6. Total responsibility for contracting for real property construction be assumed by the new organization, without intervention of the Department of Defence Production, but real property services, including construction, now rendered by other departments and agencies be provided through the Department of Public Works.  
Vol. 2, p. 64
7. The Department of National Defence, in concert with the Department of Defence Production, initiate studies of economic ordering patterns, minimum safe inventory levels, joint stocking and disposal of obsolete or surplus stocks, for each of the three Services, with the object of

reducing warehousing, transportation, and other costs of materials management. Vol. 2, p. 142

8. The teletype relay networks of the three Armed Services be integrated into a single automatic system, sharing such facilities as may be appropriate with the civilian teletype services of the recommended Administrative Telecommunications Agency and the overseas services of the Department of External Affairs. Vol. 2, p. 239
9. The Canadian Service College at Royal Roads, Victoria, B.C., be closed. Vol. 3, p. 167
10. The Directorate of Naval Education be abolished and provincial educational facilities be employed to the extent necessary. Vol. 3, p. 171
11. A new agency, to be called the Defence Research and Development Board, be established in place of the present Defence Research Board, to be responsible for all the defence research and development activities presently undertaken in the Department of National Defence. Vol. 4, p. 211
12. The proposed Board be responsible for advising the Minister of National Defence on all policy matters related to defence research and development. Vol. 4, p. 211
13. The three Armed Services be prominently represented on the proposed Board. Vol. 4, p. 211
14. A defence research and engineering planning unit be established under the general direction of the proposed Board. Vol. 4, p. 211
15. Existing defence research establishments, to be known as National Defence Laboratories, be independently organized under a full-time senior administrative officer, and be operated on behalf of the three Services under the general direction of the proposed Defence Research and Development Board. Vol. 4, p. 211

*See also:*

Defence Construction (1951) Limited.

Department of Public Works, recommendations Nos. 6, 8 and 11.

Department of Transport, recommendations Nos. 3 and 8.

### *Department of National Health and Welfare*

1. All health services of the federal government other than the Canadian Forces Medical Service be consolidated in a reconstituted Health Branch of the Department of National Health and Welfare. Vol. 3, p. 232
2. The three Divisions of Occupational Health, Radiation Protection, and Public Health Engineering be combined into a single Division of Environmental Health. Vol. 3, p. 211
3. The continuing responsibilities of the Nutrition Division be assigned to the Maternal and Child Health Division. Vol. 3, p. 213
4. The Hospital Design Division be either expanded to provide effective leadership in all phases of hospital design, or discontinued. Vol. 3, p. 214
5. Each Division in the Health Services Directorate have a small committee of outstanding non-departmental advisers, meeting regularly to maintain and expand the knowledge of the division, and to evaluate current programmes, with particular reference to the continuing need therefor. Vol. 3, pp. 214-5
6. The analysis of biological drugs and the inspection of manufacturing facilities be henceforth administered by the Food and Drug Directorate. Vol. 3, p. 225
7. The Unemployment Assistance Division of the Welfare Branch be merged with the Old Age Assistance, Blind Persons and Disabled Persons Allowances Division. Vol. 5, p. 89
8. The Civilian Rehabilitation Branch of the Department of Labour be transferred to the Welfare Branch in the Department of National Health and Welfare. Vol. 5, pp. 89-90

### *Department of National Revenue*

*See:*

Unemployment Insurance Commission.

### *Department of Northern Affairs and National Resources*

1. The national parks be administered by a commission of members chosen from outside the public service, appointed for specific terms and remunerated for their services. Vol. 2, p. 40



2. The National Parks Commission be organized on essentially departmental lines, but under a board of full-time commissioners appointed for fixed terms and removable only for cause. Vol. 5, p. 67
3. The operation of the northern school system be transferred as rapidly as possible from the Department of Northern Affairs and National Resources in Ottawa to the several territorial administrations. Vol. 3, p. 163
4. The responsibilities of the Minister of Citizenship and Immigration relating to Indians in the North be transferred to the Minister of Northern Affairs and National Resources. Vol. 4, p. 170
5. Agreements be negotiated with the territorial authorities for the assumption by them of the work of Indian Agents in the Northwest Territories and the Yukon Territory, and the staff of the Indian Affairs Branch be withdrawn from the territories as soon as the necessary arrangements can be put into effect. Vol. 4, p. 164
6. Facilities and services for research in the north be provided by the Department of Northern Affairs and National Resources. Vol. 4, p. 290

*See also:*

Department of Fisheries, recommendation No. 3.  
 Department of Mines and Technical Surveys, recommendation No. 1.  
 Department of Public Works, recommendation No. 4.  
 Department of Trade and Commerce.  
 Northern Transportation Company Limited.

### *Department of Public Printing and Stationery*

1. A new office, with the title of Queen's Publisher, be created with responsibility for publishing all books and publications issued by order of either or both Houses of Parliament, or by any department of the government, and with no responsibility for operating the Printing Bureau. Vol. 2, p. 300
2. The responsibilities attaching to the office of Queen's Publisher include the provision of expert counsel to departments and agencies, and to the Treasury Board, in matters relating to the operation of government information services, other than those aspects for which such agencies as the National Film Board or Canadian Government Exhibition Commission may be given a special responsibility. Vol. 3, pp. 113-4

3. A small committee of senior information officers drawn from the departments and agencies be formed under the chairmanship of the Queen's Publisher to review and advise on co-ordination of public information policy and activity throughout the public services. Vol. 3, p. 114
4. The Printing Bureau be operated as a separate industrial activity under the authority of the Director and Superintendent of Printing. Vol. 2, p. 297
5. The Queen's Publisher and Superintendent of Printing report respectively to the Minister and Deputy Minister of the proposed Department of Purchasing and Supply. Vol. 2, p. 307
6. The Queen's Publisher be made responsible for procuring all print required by Parliament or by any department or agency of government, where responsibility is not otherwise specifically allocated. Vol. 2, p. 306
7. All printing units of departments and agencies, not under the authority of the Department of Public Printing and Stationery, be examined with a view to centralizing direction and control. Vol. 2, p. 295

*See also:*

Department of Defence Production, recommendation No. 4.

### *Department of Public Works*

1. The Department of Public Works be made responsible for the development of a complete inventory of properties owned or leased by the federal government and its agencies, and its maintenance as a perpetual record by posting to it all future acquisitions and disposals as they occur. Vol. 2, p. 35
2. The Department of Public Works, in its organization for real property management, assign staff to be responsible for land use aspects of federal property ownership and to consult and co-operate with other levels of government and their agencies for the future development of urban, rural and regional areas. Vol. 2, p. 35
3. The Department of Public Works be made responsible for real property management throughout the public service, excepting the management of property held by and presently managed within the Department of National Defence and the large independent proprietary corporations. Vol. 2, pp. 58-9

4. The administration, leasing or sale of undeveloped Crown lands in the northern territories remain the responsibility of the Department of Northern Affairs and National Resources. Vol. 4, p. 164
5. The Department of Public Works be made responsible for the planning and supervision of all construction required by civil departments and agencies and the employment of all professional, technical and supporting staffs needed for such purposes. Vol. 2, p. 47
6. The Department of Public Works be made responsible for the planning and supervision of construction for the Department of National Defence of all classes of property other than those at present provided for through the planning and construction staffs of the Armed Forces. Vol. 2, p. 48
7. Except for defence purposes, the acquisition of property by purchase or lease be made by the Department of Public Works and title thereto be held in its name. Vol. 2, p. 36
8. The disposal of all surplus (real) property of the federal government, including property declared excess to the needs of the Armed Forces, be the responsibility of the Department of Public Works, and under a form of organization appropriate for the purpose, aggressive efforts be made to identify and dispose of unneeded real property. Vol. 2, p. 36
9. The administration of the *Municipal Grants Act* be assumed by the Department of Public Works. Vol. 2, p. 59
10. An Administrative Telecommunications Agency be established in the Department of Public Works to co-ordinate the needs of departments and agencies for general administrative communications; to provide proper systems for telephone, telegraph and teletype transmission of government messages through arrangements with commercial carriers and to make the same available to departments throughout Canada on an individual or collective basis, as may be appropriate. Vol. 2, p. 232
11. To the extent that administrative telecommunications facilities and service in Canada are required by the Department of National Defence and the Armed Services, beyond those provided by their special systems, such services be made available to them and managed by the Administrative Telecommunications Agency. Vol. 2, p. 240

*See also:*

Department of National Defence, recommendations Nos. 6 and 8.  
Department of Transport, recommendation No. 7.



### *Department of Trade and Commerce*

- Responsibility for the administration of the Canadian Government Travel Bureau be transferred from the Minister of Northern Affairs and National Resources to the Minister of Trade and Commerce.

Vol. 3, p. 76

*See also:*

Northern Transportation Company Limited.

### *Department of Transport*

1. The development of patrol cutter operations by the Coast Guard Service, and the continuing operations of the Department of Fisheries patrol vessels and the RCMP Marine Division should proceed only on the assumption that the latter services will be absorbed by the former to the degree that this can be done without serious injury to efficiency and morale.  
Vol. 2, p. 187
2. Consideration be given to a progressive consolidation of all large vessels and husbanding facilities under the Department of Transport.  
Vol. 2, p. 195
3. Consideration be given to a transfer to the Marine Services of the Department of Transport of the five oceanographic vessels of the RCN.  
Vol. 2, p. 195
4. The Marine Services of the Department of Transport extend their training programme for seamen to all marine personnel from other departments and agencies on a cost-recovery basis.  
Vol. 2, p. 195
5. The Department of Transport become the source of technical advice and assistance required by Treasury Board and other civilian departments relative to new ship construction, the formulation of government-wide standards for vessel operation and management, and conditions of service and rates of pay for seafarers in the public service.  
Vol. 2, pp. 195-6
6. All civilian departments and agencies concerned with the maintenance of watercraft use the technical services of the Board of Steamship Inspection, particularly in the preparation of specifications for refits and in the supervision of shipyard repairs and refits.  
Vol. 2, p. 196
7. Responsibilities of the Minister of Public Works for marine works, other than those relating to the acquisition, construction, maintenance and

disposal of the real property involved, be transferred to the Minister of Transport.

Vol. 5, p. 48

8. The Department of Transport be more closely associated with the Department of National Defence and the Royal Canadian Air Force in the formulation of policy proposals relating to military transport. Vol. 2, p. 207
9. The Minister of Transport be given primary responsibility for the formulation of policies relating to telecommunications, and for the co-ordination of the telecommunication services of the government. Vol. 2, pp. 253-4
10. The Minister be supported within his department by an organization to provide expert advice and to perform such non-operating duties as are required for the execution of the telecommunication policies of the government. Vol. 2, p. 254
11. The telecommunications planning and co-ordinating organization, under the Minister of Transport, should provide all technical service required in the regulatory processes of the government. Vol. 2, p. 255

*See also:*

Department of Mines and Technical Surveys, recommendation No. 2.

#### *Department of Veterans Affairs*

- Consideration be given to the orderly termination of the activities of the Veterans' Land Act Administration, by utilizing the services of the Farm Credit Corporation and the Central Mortgage and Housing Corporation in administering the *Veterans' Land Act*. Vol. 3, p. 285

*See also:*

Department of National Health and Welfare, recommendation No. 1.

#### *Dominion Bureau of Statistics*

1. The Dominion Statistician hold office during good behaviour and be removable for cause. Vol. 3, p. 49
2. The Dominion Statistician be required to audit the statistical programmes of all departments and agencies (other than large proprietary corporations) and to report annually to Parliament on the state of government statistical services. Vol. 3, p. 49

3. The Treasury Board rely upon the Dominion Statistician for assistance in securing statistical data needed for management and policy decisions, and as the principal source of advice on all statistical programmes and the employment of statisticians within the public service. Vol. 3, p. 50
4. An advisory council be formed, comprising representatives of the principal users of statistics and other public bodies, to meet periodically with the Dominion Statistician to discuss statistical programmes and the problem of respondents, and to report annually to the responsible minister. Vol. 3, p. 51

*Farm Credit Corporation*

*See:*

Department of Veterans Affairs.

*Industrial Development Bank*

- Steps be taken to give greater independence from the Bank of Canada to the management of the Industrial Development Bank and to bring the activities of the Bank more appropriately under the general control of the Minister of Finance. Vol. 3, p. 283

*National Research Council*

- All federal astronomical research be consolidated in the Dominion Observatories Branch, which should become a national institute of astronomy within the National Research Council. Vol. 4, p. 273

*Northern Transportation Company Limited*

- Ministerial responsibility for the Northern Transportation Company Limited be transferred from the Minister of Trade and Commerce to the Minister of Northern Affairs and National Resources. Vol. 4, p. 179

*Royal Canadian Mounted Police*

*See:*

Department of Transport, recommendation No. 1.

*Unemployment Insurance Commission*

- Payroll audits of the Department of National Revenue (Taxation Division) and the Unemployment Insurance Commission be combined and



carried out for the purposes of both authorities by auditors of the Unemployment Insurance Commission.

Vol. 1, p. 115

Throughout the reports, a number of suggestions are made for further investigation. To list such tentative suggestions in this appendix would give them a weight which would be inappropriate to many of them. It might be noted, however, that continuing study of such organizational matters and the adaptation of the machinery of government to changing needs are inescapable parts of the task of all those responsible for the direction of the executive branch—and especially of ministers, both in their collective aspect in Cabinet and the Treasury Board and as heads of departments, and of the senior officials by whom they are served.



## FINANCIAL AND OPERATING STATISTICS





Table 1—STATEMENT OF COSTS—SEPTEMBER 1960 TO MARCH 31, 1963

Personal Services (Table 2)			
Salaries.....	\$2,201,238		
Expenses.....	427,731	\$2,628,969	
Printing of Reports.....		101,913	
Stationery and Duplicating.....		42,737	
Telephone and Telegraph.....		15,485	
Office equipment.....		10,304	
Miscellaneous.....		9,220	
Total.....		\$2,808,628	

NOTE: Costs of services provided without charge by government departments, following normal practice, are not included—office accommodation and furnishing, translation services, etc.

Table 2—STATEMENT OF PERSONAL SERVICES, SEPTEMBER 1960 TO MARCH 31, 1963

	Number of Man-Days	Salaries and Honoraria	Expenses	Total Costs
Commissioners.....	722	\$ 32,375	\$ 17,530	\$ 49,905
Executive Staff.....	1,977	55,222	18,019	73,241
Research Staff.....	22,437	1,838,347	377,195	2,215,542
Editorial Staff.....	1,655	81,988	3,786	85,774
Clerical Staff.....	13,844	186,831	—	186,831
Advisory services.....	212	6,475	11,201	17,676
Totals.....	40,847	\$ 2,201,238	\$ 427,731	\$ 2,628,969

Table 3—RESEARCH PROJECTS—SEPTEMBER 1960 TO MARCH 31, 1963

<i>Number of Man-Days</i>	<i>Project</i>	<i>Direct Costs</i>
2,157	Financial Management.....	\$ 265,080
2,535	Personnel Management.....	203,066
4,584	Paperwork and Systems Management.....	386,133
658	Real Property.....	66,602
881	Purchasing and Supply.....	72,727
714	Transportation.....	94,781
597	Telecommunications.....	77,845
243	Printing and Publishing.....	47,780
927	The "Make or Buy" Problem.....	117,118
527	Legal Services.....	61,850
265	Economic and Statistical Services.....	35,328
781	Public Information Services.....	74,923
151	Education Services.....	11,918
487	Health Services.....	66,198
854	Lending, Guaranteeing and Insuring Activities....	64,618
259	The Post Office.....	46,193
621	Miscellaneous Services.....	67,038
153	Canadian Broadcasting Corporation.....	25,422
460	Department of National Defence.....	69,391
284	Department of External Affairs.....	25,638
1,502	Scientific Research and Development.....	167,127
232	Other projects.....	24,774
1,149	Organization Research.....	86,493
1,416	Research Co-ordination.....	57,499
<u>22,437</u>		<u>\$ 2,215,542</u>



Table 4—PERSONNEL

	<i>Sept.</i> <i>30,</i> <i>1960</i>	<i>Dec.</i> <i>31,</i> <i>1960</i>	<i>Mar.</i> <i>31,</i> <i>1961</i>	<i>June</i> <i>31,</i> <i>1961</i>	<i>Sept.</i> <i>30,</i> <i>1961</i>	<i>Dec.</i> <i>31,</i> <i>1961</i>	<i>Mar.</i> <i>31,</i> <i>1962</i>	<i>June</i> <i>30,</i> <i>1962</i>	<i>Sept.</i> <i>30,</i> <i>1962</i>	<i>Dec.</i> <i>31,</i> <i>1962</i>	<i>Mar.</i> <i>31,</i> <i>1963</i>
Commissioners.....	3	3	3	3	3	3	3	3	3	3	3
Advisory Committee											
Members.....	—	—	46	81	82	82	—	—	—	—	—
Administration											
—Officers.....	—	4	4	5	5	5	4	4	3	3	1
—Staff.....	1	7	8	9	9	9	9	8	8	—	—
Editorial and Research											
—Officers.....	—	2	59	155	169	131	25	16	10	4	—
—Staff.....	—	1	16	29	35	36	16	13	9	—	—
Totals.....	4	17	136	282	303	266	57	44	33	10	4

NOTE: After October 1st, 1962, Administrative and Clerical Services were shared with the Royal Commission on Taxation which assumed responsibility for staff and related expenses on December 1st, 1962.



SUBMISSIONS RECEIVED





## SUBMISSIONS RECEIVED

### FROM COMPANIES AND ORGANIZATIONS

Agricultural Institute of Canada, Ottawa, Ontario  
Air Industries Association of Canada, Ottawa, Ontario  
Arctic Institute of North America, Montreal, Quebec  
Associated Credit Bureaus of Canada, Ottawa, Ontario  
The Association of Canadian Commercial Testing Laboratories and Consultants, Toronto, Ontario  
Association of Chiropodists, Winnipeg, Manitoba  
The Association of Consulting Engineers of Canada Inc., Toronto, Ontario  
The Association of International Border Agencies, Fort Erie, Ontario  
The Association of Motion Picture Producers and Laboratories of Canada, Toronto, Ontario  
Association Professionnelle des Industriels, Montreal, Quebec  
British Columbia Association of Chiropodists, Vancouver, B.C.  
British Columbia School Trustees Association, Vancouver, B.C.  
Canadian Association of Equipment Distributors, Ottawa, Ontario  
Canadian Automobile Chamber of Commerce Inc., Toronto, Ontario  
Canadian Booksellers Association, Toronto, Ontario  
Canadian Business Equipment Manufacturers Association, Inc., Scarborough, Ontario  
The Canadian Chamber of Commerce, Montreal, Quebec  
Canadian Construction Association, Ottawa, Ontario  
Canadian Institute of Chartered Accountants, Toronto, Ontario  
Canadian International Freight Forwarders Association, Inc., Montreal, Quebec  
Canadian Manufacturers Association, Toronto, Ontario  
Canadian Manufacturers of Chemical Specialties Association, Montreal, Quebec  
Canadian Medical Association, Toronto, Ontario  
Canadian Operational Research Society, Ottawa, Ontario  
Canadian Pharmaceutical Association Inc., Toronto, Ontario  
The Canadian Podiatry Association, Toronto, Ontario

Canadian Telephone Industry, Montreal, Quebec  
 Canadian Truck Trailer Manufacturers Association, Toronto, Ontario  
 Canadian Welfare Council, Ottawa, Ontario  
 La Chambre de Commerce du District de Baie Comeau, Quebec  
 Civil Service Association of Canada, Ottawa, Ontario  
 Civil Service Federation of Canada, Ottawa, Ontario  
 Consolidated Feature Service Ltd., Toronto, Ontario  
 Cornwall Industrial Developments Limited, Cornwall, Ontario  
 E & S Currie Limited, Toronto, Ontario  
 Data Business Forms Limited, Rexdale, Ontario  
 Findlays Limited, Carleton Place, Ontario  
 Grand Falls District Chamber of Commerce, Grand Falls, New Brunswick  
 Graphic Arts Industries Association, Montreal, Quebec  
 Institute of Continuous Form Manufacturers, Toronto, Ontario  
 Jasper Chamber of Commerce, Jasper, Alberta  
 Kuhlmann Straube Company Ltd., Oakville, Ontario  
 London Chamber of Commerce, London, Ontario  
 McCuaig Bros. and Company Ltd., Ottawa, Ontario  
 Meridian Films Limited, Toronto, Ontario  
 Monsanto Canada Limited, La Salle, Quebec  
 Montreal Chamber of Commerce, Montreal, Quebec  
 Moore Business Forms Limited, Toronto, Ontario  
 National Semiconductors Limited, Montreal, Quebec  
 Northern Electric Company Ltd., Ottawa, Ontario  
 North Vancouver Board of Trade, North Vancouver, British Columbia  
 Nova Scotia Research Foundation, Halifax, Nova Scotia  
 The Ontario Podiatry Association, Peterborough, Ontario  
 Ottawa Board of Trade, Ottawa, Ontario  
 J. P. Porter Co. Limited, Montreal, Quebec  
 The Professional Institute of the Public Service of Canada, Ottawa, Ontario  
 The Robert Reford Company Limited, Montreal, Quebec  
 Robertson, Hall & Henshaw Limited, Montreal, Quebec  
 Royal Architectural Institute of Canada, Ottawa, Ontario  
 Sandner Brothers Lumber Company, Ltd., Cascade, British Columbia  
 Saskatchewan Research Council, Saskatoon, Saskatchewan  
 Shipping Federation of Canada, Montreal, Quebec  
 The Society of the Plastics Industry (Canada) Limited, Toronto, Ontario  
 South Peace Progressive Conservative Association, Dawson Creek, British Columbia  
 Sudbury & District Chamber of Commerce, Sudbury, Ontario  
 Toronto Parking Operator Association, Toronto, Ontario  
 Union-Employer's Guild, No. 20 Barbers Union, Ottawa, Ontario  
 The Western Bridge & Steel Fabricators Ltd., Vancouver, British Columbia.

## FROM INDIVIDUALS

The names of former and present public servants and those who wished to remain anonymous have been omitted.

Creighton Aquin, Montreal, Quebec  
G. Atkin, Winnipeg, Manitoba  
R. Bernard, Drummondville, Quebec  
J. Boyer, Lasalle, Quebec  
J. E. David, C.A., Granby, Quebec  
W. H. Dawes, Chatham, Ontario  
Mrs. D. K. Dickey, London, Ontario  
P. C. Ferguson, Regina, Saskatchewan  
C. J. Funk, Winnipeg, Manitoba  
C. Griffith, Trenton, Ontario  
F. J. Gunston, Montreal, Quebec  
B. C. Harrison, Ottawa, Ontario  
R. C. Hudson, Toronto, Ontario

J. L. Kingsley, Ottawa, Ontario  
Allan Klarer, Oakville, Ontario  
Paul Lloyd, Edmonton, Alberta  
Dr. Trevor Lloyd, Montreal, Quebec  
Francis Lorenzen, C. A., Windsor, Ontario  
Nicholas Lukach, Noranda, Quebec  
Moe Moss, Montreal, Quebec  
R. J. Owen, Ottawa, Ontario  
P. E. Priestman, Toronto, Ontario  
Ralph Ransom, Calgary, Alberta  
J. H. Runyon, Ottawa, Ontario  
Stewart W. Wellman, Ottawa, Ontario  
Allan Welsh, Edmonton, Alberta.





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## CONSOLIDATED INDEX

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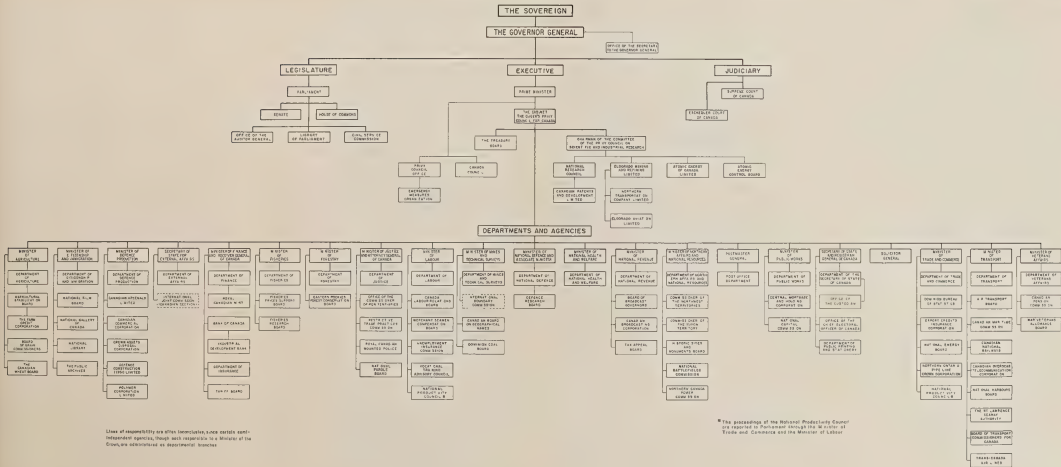
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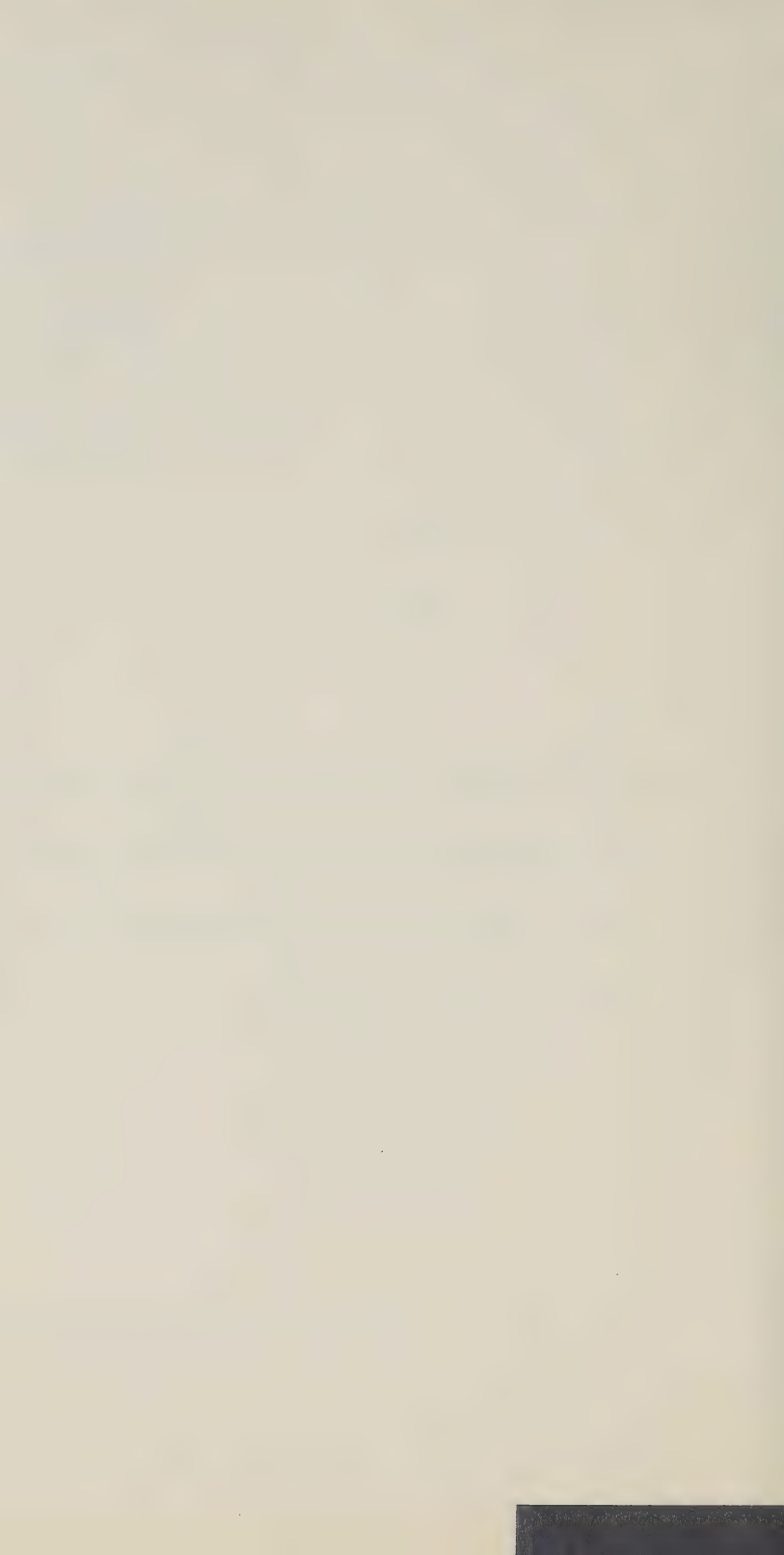






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